



Daily Report

China

FBIS-CHI-88-203

Thursday

20 October 1988

Daily Report

China

FBIS-CHI-88-203

CONTENTS

20 October 1988

INTERNATIONAL AFFAIRS

General

| | |
|---|---|
| Foreign Ministry Holds Weekly News Briefing | 1 |
| Earlier PRC-USSR Summit Possible | 1 |
| Cambodian Resistance Aid To Continue | 1 |
| Li Peng To Make Goodwill Visits | 1 |
| Hopes To Normalize Indonesian Ties | 1 |
| DPRK Vice Premier Visit Announced | 1 |
| Bangladesh President To Visit | 1 |
| PRC To Submit Resolution on Disarmament to UN | 1 |
| USSR Proposes UN Arms Supply, Sale Register | 2 |
| No Tae-u Appeals For Korean Peninsula Summit | 3 |
| DPRK Proposes High-Level North-South Talks | 3 |
| U.S., S. Korea Comment on DPRK's UN Speech | 4 |
| UN Secretary General Urges New Debt Approach | 4 |
| Youth Policies Meeting Opens in Beijing | 5 |
| International Youth Travel Meeting Begins | 5 |
| Export Commodities Fair Opens in Guangdong | 5 |
| WFP Aid Brings Good Results to Jiangsu Lake | 6 |
| Irrigation Project Benefits Qinghai Farmers | 6 |
| UNDP Water Project Helps Shanghai Industries | 6 |
| World Bank Official Assesses Asian Economies | 7 |

United States

| | |
|--|---|
| First Joint U.S.-PRC Computer Equipment Sold | 7 |
| Democrats Expected To Dominate in U.S. House | 8 |

Soviet Union

| | |
|--|---|
| Vice Foreign Minister to Soviet Border Talks | 8 |
| Soviet Science Delegation Visit Slated for Nov | 8 |

Northeast Asia

| | |
|--|----|
| Li Xiannian Tells Japanese About Soviet Ties | 8 |
| Wu Xueqian Briefs Japanese Business Delegation | 9 |
| Japan's Takeshita Receives Newspaper Delegation | 9 |
| PRC Ambassador, Takeo Fukuda Hail Anniversary | 9 |
| Beijing To Expand Airport With Japanese Loan | 9 |
| Japanese Ministers Visit Yasukuni Shrine | 10 |
| DPRK Response to North-South Summit Reported /RENMIN RIBAO 16 Oct/ | 10 |
| CPC's Li Ximing Meets DPRK Party Delegation | 10 |

Southeast Asia & Pacific

| | |
|--|----|
| PLA's Xu Xin Meets Australian Army General | 10 |
| 'News Analysis' on U.S.-Philippine Bases Talks | 11 |
| SRV's Nguyen Van Linh Calls for Renovation | 12 |

Near East & South Asia

| | |
|---|----|
| Industry Minister Meets Iran's Musavi | 12 |
|---|----|

Sub-Saharan Africa

| | |
|---|----|
| Angolan President Arrives in Beijing | 12 |
| Delegation in Uganda Views Cultural Exchanges | 12 |

West Europe

| | |
|---|----|
| Zheng Tuobin Leaves for France, Netherlands | 13 |
| Song Renqiong Meets Norwegian Delegation | 13 |

East Europe

| | |
|---|----|
| Yang Shangkun Meets Hungarian Delegation | 13 |
| Zou Jianhua Meets Hungarian Industry Minister | 13 |

NATIONAL AFFAIRS

| | |
|---|----|
| Nuclear Technology Breakthrough Achieved 16 Oct | 14 |
| Scholar Predicts Constitutional Changes, Reforms /Hong Kong HONGKONG STANDARD 20 Oct/ | 14 |
| Official Discusses New, Old Systems in Reform /ZHONGGUO JINGJI TIZHI GAIGE 23 Sep/ | 15 |
| Current Reform Situation Assessed at Seminar /SHIJIE JINGJI DAOBAO 10 Oct/ | 16 |
| Nationwide Drive To Educate People on Reforms | 17 |
| Vice Minister Criticizes Government Waste | 18 |
| Crime Control Centers Expose Corruption | 18 |
| Over 20,000 Cases Noted /CHINA DAILY 20 Oct/ | 19 |
| Nationwide Drive on To Screen New Companies | 19 |
| Official Discusses Facing Rural Reform 'Crisis' /NONGMIN RIBAO 6 Oct/ | 20 |
| Circular on Cooperation for Taxation Inspection | 23 |
| Environmental Committee Circular on Pollution | 23 |
| Democratic League Elects Central Committee | 24 |
| CPPCC Nationalities Committee Holds First Meeting | 25 |
| Three Gorges Demonstrative Work Completed | 25 |
| Intellectuals Alarmed by Film Series Clampdown /Hong Kong SOUTH CHINA MORNING POST 17 Oct/ | 26 |
| Shenzhen Granted Province-Level Status | 27 |
| Tian Jiayun Inspects Ningbo University Building | 27 |
| Base Constructed for Testing New Naval Weapons | 27 |
| Advanced Airborne Radar Recently Developed | 27 |
| Regularized Military Legislative System Begins /Hong Kong MING PAO 15 Oct/ | 28 |
| Relocation, Renovation Project Plans Reported /CHINA DAILY 20 Oct/ | 28 |
| Zhang Shuobao Discusses Controlling Inflation /BEIJING REVIEW 10-16 Oct/ | 29 |
| Curbing Inflation 'Prerequisite' to Price Reform /SHIJIE JINGJI DAOBAO 10 Oct/ | 31 |
| Editorial Cited on Control of Money Supply | 33 |
| RENMIN RIBAO on Reducing Speed of Growth /14 Oct/ | 33 |
| JINGJI RIBAO on 'Rent-Seeking' Theory /30 Sep/ | 34 |
| Time Needed for Commodity Economy Development /RENMIN RIBAO 14 Oct/ | 36 |
| Urban Collective Enterprises Play Important Role | 36 |
| Improved Environment for Foreign Investment Urged /CHINA DAILY 19 Oct/ | 37 |
| Contracts Signed To Build 36 Foreign Ships | 38 |
| Ministry Survey Shows Construction Quality Up /CHINA DAILY 19 Oct/ | 38 |
| Rail Minister Li Senmao Urges Better Service /CHINA DAILY 18 Oct/ | 38 |
| Textile Industry Develops Man-Made Silk | 39 |
| Iron, Steel Targets Fulfilled by September | 40 |
| Projects Implemented To Eliminate Poverty /RENMIN RIBAO 14 Oct/ | 40 |
| Commentator Views Efforts /RENMIN RIBAO 14 Oct/ | 40 |
| Rare Earth Used To Increase Output of Grain | 41 |
| First Rural Astronomical Observatory Built | 41 |
| Population Hits 1.07 Billion on 1 Jul 87 | 42 |

REGIONAL AFFAIRS

East Region

| | |
|--|----|
| Jiangsu Military Region Holds Enlarged Meeting | 43 |
| Shandong's Liang Buting Attends Rally for Aged | 43 |
| Shandong's Liang Buting Meets Returning Athletes | 43 |
| Committee Trade Union Established in Shandong /ZAZHONG RIBAO 28 Sep/ | 44 |
| Zhejiang Governor Meets Central Press Group /ZHEJIANG RIBAO 8 Oct/ | 44 |

Central-South Region

| | |
|---|----|
| Guangdong's Lin Commends Security Guard's Work | 44 |
| Guangxi CPPCC Studies 'Spirit' of Meetings | 44 |
| Guangxi Leader Views Economic Rectification | 45 |
| Hainan's Xu Addresses Public Security Meeting | 45 |
| Henan Official's Ouster Stirs Popular Indignation | 46 |
| Henan Secretary Holds Talks With Nonparty Figures | 46 |

Southwest Region

| | |
|---|----|
| Sichuan Urges Implementation of Plenum Spirit | 46 |
|---|----|

North Region

| | |
|--|----|
| Beijing People's Congress Invites Observers | 47 |
| Inner Mongolia's Bu He Addresses Conference | 47 |
| Shanxi Meeting Relays Central Plenum Spirit | 48 |
| Li Ruihan Attends Tianjin Youth Art Festival /TIANJIN RIBAO 6 Oct/ | 49 |

Northeast Region

| | |
|--|----|
| Jilin Organizational Conference Ends 17 Oct | 49 |
| Quan Shuren Addresses Liaoning Nonparty Forum | 50 |
| Liaoning's Gao Zi at Discipline Inspection Plenum | 51 |
| Liaoning CPC Enlarged Plenum Concludes 19 Oct | 51 |
| Liaoning People's Congress Meeting Ends 27 Sep /LIAONING RIBAO 28 Sep/ | 51 |

Northwest Region

| | |
|--|----|
| Article Views Desert Missile Testing Base /JIEFANGJUN BAO 3 Oct/ | 52 |
| Gansu Leader Discusses Agricultural Tasks | 56 |
| Meeting in Qinghai To Solve Shortage Problem | 56 |
| Shaanxi's Zhang Boxing Meets Young Scientists | 56 |
| Shaanxi Commentary Urges Reduced Oil Consumption | 57 |
| Xinjiang Secretary Reports on Central Policies | 57 |

TAIWAN

| | |
|--|----|
| American Institute Chief Greeted at Airport | 58 |
| Cabinet Asked To Review Trade Policy With USSR /CHINA POST 13 Oct/ | 58 |
| Commentary Assesses 'Breakthrough' | 58 |
| Indirect Trade Continued | 59 |
| New Presidential Secretary General Named | 59 |
| Foreign Minister Stresses Ties With Free Countries | 60 |
| Cooperation Projects With Saudi Arabia | 60 |
| Premier Cautious on Direct Trade With Mainland | 60 |
| Premier Receives Overseas Chinese From Borders | 60 |
| Navy Ships Increase Territorial Waters Patrols | 61 |
| Dissident Hsieh Tsung-min Returns Home /KYODO/ | 61 |

General

Foreign Ministry Holds Weekly News Briefing

Earlier PRC-USSR Summit Possible

*OW2010112288 Beijing XINHUA in English
1051 GMT 20 Oct 88*

[Text] Beijing, October 20 (XINHUA)—If the talks between the foreign ministers of China and the Soviet Union go on smoothly, the meeting between the top leaders of the two countries can take place at an earlier date.

Chinese Foreign Ministry spokeswoman Li Jinhua made this remark at the weekly news briefing here this afternoon. She added that Sino-Soviet relations have not been normalized yet, and this is because of the existence of three major obstacles.

Efforts are now being made precisely to remove these obstacles so as to normalize bilateral relations, she noted.

Asked about China's comment on the latest proposal of South Korea's No Tae-u on the question of Korea, Li said that in the interest of relaxation and stability on the Korean peninsula, China favors talks to be participated by North Korea, South Korea and the United States.

Cambodian Resistance Aid To Continue
*OW2010113088 Beijing XINHUA in English
1039 GMT 20 Oct 88*

[Text] Beijing, October 20 (XINHUA)—Before Vietnam withdraws its troops from Kampuchea, China will, within its power, continue to aid the three forces of Democratic Kampuchea in their struggle to resist Vietnamese aggression, Foreign Ministry spokeswoman Li Jinhua said in the weekly news briefing here today.

Answering reporters' questions on the Kampuchea issue, problems among the three forces of Democratic Kampuchea can be settled through consultations among themselves, and China will not interfere, Li said.

The key to the solution of the Kampuchea issue lies in Vietnam's complete military pull-out from Kampuchea as early as possible. After the Vietnamese troops withdrawal, Kampuchea's internal affairs should be resolved through consultations by the Kampuchean people themselves, she said. China does not hope Kampuchea will fight a civil war.

Li Peng To Make Goodwill Visits
*OW2010085188 Beijing XINHUA in English
0825 GMT 20 Oct*

[Text] Beijing, October 20 (XINHUA)—Chinese Premier Li Peng is scheduled to pay official goodwill visits to Thailand, Australia and New Zealand between November 10 and 24.

He is invited respectively by Thai Prime Minister Chat-chai Chunhawan, Australian Prime Minister Robert Hawke and New Zealand Prime Minister David Lange, Chinese Foreign Ministry spokeswoman Li Jinhua announced at a weekly news briefing here this afternoon.

Hopes To Normalize Indonesian Ties
*OW2010094388 Beijing XINHUA in English 0925
GMT 20 Oct 88*

[Text] Beijing, October 20 (XINHUA)—China has no difficulties in normalizing its relations with Indonesia, said Foreign Ministry spokeswoman Li Jinhua at the weekly press briefing here today.

In response to a Vietnamese reporter's question about Sino-Indonesian relations, Li said China hopes to realize the normalization of the relations between the two countries. Such a normalization is in accord with the interests of the two peoples and also favorable to the peace and friendly cooperation in the region, she added.

DPRK Vice Premier Visit Announced
*OW2010092988 Beijing XINHUA in English
0900 GMT 20 Oct 88*

[Text] Beijing, October 20 (XINHUA)—Kim Yong-nam, vice-premier and foreign minister of the Democratic People's Republic of Korea, will pay a goodwill visit to China in early November.

He was invited by Chinese Foreign Minister Qian Qichen, Foreign Ministry spokeswoman Li Jinhua said at the weekly briefing here this afternoon.

Bangladesh President To Visit
*OW2010091588 Beijing XINHUA in English
0859 GMT 20 Oct 88*

[Text] Beijing, October 20 (XINHUA)—President Hussain Mohammad Ershad of the People's Republic of Bangladesh will pay a working visit to China on November 1.

This was announced by Foreign Ministry spokeswoman Li Jinhua at the weekly news briefing here this afternoon.

PRC To Submit Resolution on Disarmament to UN
*OW1910192788 Beijing XINHUA in English
1842 GMT 19 Oct 88*

[Text] United Nations, October 19 (XINHUA)—China informed the First Committee of the General Assembly today that it will submit to the current session draft resolutions on nuclear disarmament, conventional disarmament and prevention of arms race in outer space.

Fan Guoxiang, China's ambassador for disarmament, announced this in his statement this morning in the committee's general debate on disarmament issues. The committee, which has responsibilities over political and security issues, began its debate on Monday [17 October].

China submitted similar draft resolutions at the last session of the General Assembly, which were merged with other similar drafts and adopted by the assembly.

Ambassador Fan, while noting the gratifying and initial progress made in the past year in world disarmament, called for persistent efforts so that continued progress could be made.

"We should be sober-minded about the fact that the achievement in disarmament are only initial and limited," he said.

Even after eliminating all their intermediate and shorter-range missiles, he pointed out, the Soviet Union and the United States still possess the overkill capacity that can destroy the world many times over, and their huge nuclear arsenals remain a menace to the world peace.

"There is not enough evidence to suggest that the two major nuclear powers' basic policy of vying for military superiority has changed," he stressed.

The two big powers, he said, should take the lead in stopping the testing, production and deployment of all types of nuclear weapons, and to drastically reduce and destroy the various types of nuclear weapons deployed anywhere inside and outside their respective countries.

He stated that China possesses a small number of nuclear weapons solely for the purpose of self-defence. China will not enter into alliance with any nuclear powers, nor will it practise nuclear proliferation, he said.

He informed the committee that China ratified one month ago Protocols 2 and 3 of the South Pacific Nuclear-Free Zone Treaty.

On the issue of conventional disarmament, he noted that Europe has the world's largest concentration of arms and military forces. "It is highly proper that the efforts for conventional disarmament should be made first and foremost in Europe, by the two military blocs and, particularly, by the countries possessing the largest arsenals."

On the prevention of arms race in outer space, he pointed out that the two major space powers bear "an unshirkable and special responsibility."

They should commit themselves to the cessation of the development, testing and production, as well as the non-deployment of outer space weapons, and on such basis, conduct negotiations aimed at concluding an international agreement on a complete ban of outer space weapons, he said.

He called for the early conclusion of an international convention on complete prohibition and thorough destruction of chemical weapons so as to eliminate all the existing chemical weapons and ensure that no such weapons will be produced.

He also urged a rational, mutually complementary relationship between multilateral, regional and bilateral efforts, and between legal, political and moral commitments, so as to give a strong impetus to the cause of disarmament.

USSR Proposes UN Arms Supply, Sale Register
*OW1810230588 Beijing XINHUA in English
1638 GMT 18 Oct 88*

[Text] United Nations, October 18 (XINHUA)—The Soviet Union today provided to the United Nations for the first time data on its naval forces.

Soviet Deputy Foreign Minister Vladimir Petrovskiy informed the first committee of the [words indistinct] this morning that the Soviet Navy has 1,380 combat ships as of July 1 this year.

A break-down of this figure is as follows—4 aircraft carriers, 376 submarines, 96 missile frigates, cruisers and destroyers, 174 escort and anti-submarine warfare ships, 613 craft and mine sweepers, and 107 landing ships.

In addition, the Soviet Navy has 1,142 helicopters and 12,600 marines.

Petrovskiy provided these figures in his address in the general debate of the first committee, which is charged with political and security issues. The committee began its debate on disarmament yesterday.

He reiterated the Soviet proposal for the establishment at the United Nations of a register of arms supplies and sales. He also endorsed a proposal put forward by Italy for the elaboration of a code of conduct for the suppliers and buyers of arms.

"Through joint efforts, states should resolutely combat illegal supplies of conventional weapons in the international black market, which is a dangerous phenomenon," he said.

He expressed his country's readiness to become, together with China and the United States, guarantors of the nuclear-free zone on the Korean peninsula as proposed by the Democratic People's Republic of Korea.

He further made what he called "a radical proposal" for making the whole southern hemisphere a nuclear-free zone. He noted that up to now the arms race has followed the pattern: action-counteraction. However, an entirely new principle is emerging: action-joint action-interaction.

The Soviet Union, he said, is prepared to apply this principle in practice and hopes that it will become the common heritage of the United Nations.

No Tae-u Appeals For Korean Peninsula Summit
OW1910054188 Beijing XINHUA in English
0250 GMT 19 Oct 88

[Text] United Nations, October 18 (XINHUA)—South Korean President No Tae-u appealed here today for a summit meeting of the Korean peninsula. But he claimed that the summit should be held "without setting any preconditions."

Speaking at the U.N. General Assembly, No also expressed a hope to "visit Pyongyang as soon as possible."

No proposed that at the summit meeting, leaders from the North and South "discuss sincerely and resolve all the problems raised by either or both sides with regard to disarmament, arms control and other military matters."

No today also proposed the establishment of a six-party consultative conference to pave the way for peace in Northeast Asia.

He called on the United States, the Soviet Union, China, Japan and two sides of Korea to set up such a "conference for peace" in order "to lay a solid foundation for durable peace and prosperity in Northeast Asia." Also, he said, it would create an international environment more conducive to peace in Korea and reunification of the peninsula.

However, he admitted that to gather the six parties together at a consultative table was not easy because of what he called "outstanding differences in ideology, social systems and policies among them".

The Korean peninsula was divided into the southern and northern parts after World War Two, and now the two parts are separated along the 38th parallel by a demilitarization zone.

No announced that South Korea has agreed to a declaration of non-aggression or non-use of force in order to construct a framework for mutual trust and security.

The South Korean leader reiterated a "special declaration" he made last July 7 and said that South Korea is "determined to end confrontation with North Korea in our external relations."

The "special declaration" includes proposals on promotion of exchanges of visits between people from the two sides, exchanges of correspondence and visits and other contacts between members of dispersed families.

It also includes proposals regarding opening of doors for trade, promotion of a balanced development of the national economy, an end to counterproductive diplomatic competition and confrontation between the two parties, and cooperation with the North in improving relations with other nations.

Both the Democratic People's Republic of Korea (DPRK) and South Korea maintain observer status at the United Nations.

In accordance with the General Assembly agenda's call for "promotion of peace, reconciliation and dialogue in the Korean peninsula," DPRK's First Deputy Foreign Minister Kang Sok-chu will address the United Nations tomorrow.

DPRK Proposes High-Level North-South Talks
OW1910204888 Beijing XINHUA in English
1916 GMT 19 Oct 88

[Text] United Nations, October 19 (XINHUA)—While reiterating its proposal to establish a Confederal Republic of Koryo, the Democratic People's Republic of Korea (DPRK) today proposed to hold high-level political and military talks between the North and the South of Korea as an intermediate step toward a summit meeting between the two parts of the country.

This new proposal, put forward by Kang Sok-chu, first vice foreign minister of DPRK, at the United Nations this morning, has been considered as a reply to South Korean President No Tae-u who in his yesterday speech urged North Korea to come to the summit meeting "without any preconditions." No also expressed the hope that he could visit Pyongyang, capital of DPRK, "as soon as possible."

The proposal for a North-South summit meeting was originally put forward by DPRK and reiterated by its leader, President Kim Il-song last month.

Addressing the UN General Assembly under the theme "promotion of peace, reconciliation and dialogue in the Korean peninsula," Kang Sok-chu stressed that North-South top level talks or summit meeting must discuss and decide, first of all, the matter of adopting a non-aggression declaration between the North and the South and the question of the establishment of a confederal government of the unified state or establishing a committee for peaceful reunification and the like for setting up of such a government.

"From such a point of view," he said, "we welcome a visit to Pyongyang by the highest authority of South Korea."

The idea on establishing a Democratic Confederal Republic of Koryo was put forward for the first time in 1980 by DPRK President Kim Il-song in accordance with the reality of the existence of two different social systems on the Korean peninsula.

Vice Foreign Minister Kang said: "We consider it reasonable to form a unified state by federating the two autonomous governments, leaving the two systems as they are on the principle of coexistence."

He reaffirmed that Korean reunification should be realized on the basis of the three principles of independence, peaceful reunification and great national unity. He opposed any attempt to create "two Koreas" to perpetuate the division of Korea.

The Korean peninsula was divided into two parts after World War Two and has been separated for forty years by the 38th parallel in a demilitarized zone.

DPRK today also proposed to hold talks with the United States with the purpose of concluding a peace agreement between the two countries for the replacement of the existing armistice agreement which was signed in July 1953.

"The United States should adopt an earnest stand for dialogue and negotiations with us, be it tripartite or bilateral talks, to replace the Korean armistice agreement with a peace agreement," Kang said.

On the question of Korea's UN membership, Kang said that the question of entry to the United Nations by the North and the South of Korea should be discussed first between the two parties concerned and that he was authorized to declare "Korea must enter the United Nations under the designation of one reunified confederal state."

U.S., S. Korea Comment on DPRK's UN Speech
OW2010021788 Beijing XINHUA in English
0104 GMT 20 Oct 88

[Text] United Nations, October 19 (XINHUA)—U.S. Ambassador Vernon Walters said he thought the statement by North Korean vice foreign minister was "more conciliatory in tone" than on previous occasions.

Walters was commenting on the address by Kang Sok-chu, first vice foreign minister of the Democratic People's Republic of Korea, delivered this morning in the U.N. General Assembly.

"I wouldn't say I like it, but it's more conciliatory," he told journalists after the speech.

Jong Hwan-suh, spokesman of the South Korean mission to U.N., made the following comment to XINHUA on the speech:

"We think the North Korean speech this morning appears to be a compilation of their past proposals. I want to remind that our president yesterday suggested that all those proposals of both North and South Korea be discussed at the summit talks between the two parts of Korea. We hope the summit meeting be held as soon as possible."

South Korean President No Tae-u proposed in his address to the General Assembly yesterday that a summit meeting be held as soon as possible between the top leaders of the north and the south.

When No spoke, permanent observer of North Korea Ambassador Pak Gil-yon and a Soviet ambassador were in their seats listening to the speech.

A Soviet ambassador also attended the reception given by No yesterday evening in the Waldorf Astoria Hotel. No Chinese representative was present.

This is the first time for both the north and south to formally address the the U.N. General Assembly as both are observers, not full members of the U.N. body.

Ovey spoke under the agenda item "Promotion of Peace, Reconciliation and Dialogue in the Korean Peninsula" submitted by the United States, Japan and other Western countries.

UN Secretary General Urges New Debt Approach
OW2010013288 Beijing XINHUA in English
0033 GMT 20 Oct 88

[Text] United Nations, October 19 (XINHUA)—U.N. Secretary-General Perez de Cuellar today called for new and "bolder measures" to be taken directly to alleviate the debt and debt-servicing burden of the developing countries.

"This is the only way of releasing sufficient additional resources to finance the investments needed to revitalize growth and development," he stressed at a meeting of the Second Committee (economic and financial) of the General Assembly, when it began deliberations on the debt issue this afternoon.

The secretary-general noted that this is the "inevitable conclusion" now arising from the various analyses conducted in and outside the United Nations and a judgement made "in the light of recent experience."

He was referring chiefly to the analysis conducted by the United Nations Conference on Trade and Development (UNCTAD) and his own informal consultations with some leading political figures, statesmen, economists, bankers and leaders of development financial institutions.

But he said he personally subscribes to the "basic tenet" of the existing strategy on debt, namely, that the problem has to be resolved through economic growth, additional finance and domestic reforms in the debtor countries.

He drew attention to the fact, however, that industrial countries have recently taken decisions which reflect a new approach for some of the low-income countries. At the same time, the problems of the middle-income debtor countries are being perceived in all their magnitude, he added.

But he regretted that it has to date not been possible to reach necessary "political consensus" on debt and debt-service reduction, as well as additional finance, to ensure that the debtor countries will carry out their adjustment efforts in the overall context of growth.

He recalled, as a reminder, that in the aftermath of the two World Wars, imaginative formulas were found for directly lightening the debt burden of those who were weighed down by it, so as to enable them to reconstruct their economies. "The reasoning was clear: Prosperity would reinforce peace, the world economy and better understanding among people," he said.

He urged the Second Committee and the General Assembly to make every effort to achieve consensus on this "vital issue" and promote immediate action.

The secretary-general had decided exceptionally to make a case for a reduction in the debt and debt-service burden at the Second Committee today as the current approach centered on additional finance has proved ineffective.

Jean Ripert, director general for the U.N. Department of Development and International Economic Cooperation, has warned that if the present trend continues, the debt crisis will remain an obstacle to growth in the indebted countries for at least another decade.

Youth Policies Meeting Opens in Beijing
OW1710233588 Beijing XINHUA in English
1515 GMT 17 Oct 88

[Text] Beijing, October 17 (XINHUA)—An international meeting opened here today on the integrated planning, strategies and programs for youth policies in the developing countries.

The seven-day meeting, sponsored jointly by the All-China Youth Federation and the Center for Social Development and Humanitarian Affairs of the United Nations, is being attended by more than 20 officials and experts from the United Nations and Asian, African, and Latin American countries.

Addressing the opening ceremony, Mohammad Sharif, a senior UN official, said that the Chinese Government has paid much attention to youth and has made great achievements in helping young people resolve their problems and mobilizing them to play an important role in the construction of the country.

He said: "We decided to hold this meeting in Beijing because China has a great number of young people and also has rich experience in youth work."

President of the All-China Youth Federation Liu Yandong said: "Now governments and youth organizations of all countries are exploring solutions to youth problems. And many countries have begun to consider how to protect and safeguard the rights and interests of youth when they are working on integrated planning of development, laws and policies."

She suggested that each country should make youth policies and strategies on the basis of its own social reality, try to better their social status, safeguard their rights and interests, and create opportunities for their participation in social life.

The meeting will produce a document on youth policies and strategies which will be submitted to the United Nations for discussion and distributed among developing countries.

International Youth Travel Meeting Begins
OW1910000888 Beijing XINHUA in English
1505 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—The 38th annual meeting of the Federation of International Youth Travel Organizations (FIYTO) opened here today.

Speaking at the opening ceremony, Cheng Wendong, deputy director of China's National Tourism Administration, said that China is now making efforts to improve tourism facilities.

Tourism is an important component part of China's national economy, he said, adding that the development of the country's tourism industry is restricted by the transport conditions.

However, he said, the number of foreign tourists to China has been increasing in recent years. Last year, China received more than 26.9 million foreign tourists and Overseas Chinese.

About 420 delegates representing 200 youth travel organizations in over 40 countries and regions are attending the annual meeting.

An official from the China Youth Travel Service said that China is still not a member of the FIYTO. It is the first time for the FIYTO to hold its annual meeting in a non-member state.

The FIYTO now has more than 170 member organizations from 40 countries and regions.

Export Commodities Fair Opens in Guangdong
OW1610182088 Beijing XINHUA in English
1204 GMT 15 Oct 88

[Text] Guangzhou, October 15 (XINHUA)—The 64th session of the China Export Commodities Fair—the largest ever since 1957—opened here today.

Organizing officials expect the 20-day fair to attract a record 38,000 businesspersons from Hong Kong, Macao, Taiwan and foreign countries. The figure will be 10 percent over the last session in spring of this year.

Over 5,600 guests attended today's opening ceremony. They are from 58 countries and territories.

The officials also expect the total volume of transactions concluded during the current session to exceed that of last session, which was 5.2 billion U.S. dollars.

The Chinese trade delegation to the fair hopes to expand sales of goods whose supply now exceeds the domestic needs, as well as technology- and labor-intensity products.

A special consultation service has been opened to the convenience of those from Taiwan, said the official, adding that 800 Taiwan businesspersons came to the spring session.

WFP Aid Brings Good Results to Jiangsu Lake
OW1610184488 Beijing XINHUA in English
1256 GMT 15 Oct 88

[Text] Beijing, October 15 (XINHUA)—Some 17 items of a World Food Program (WFP)-aided project to develop the fisheries resources in Hongze Lake have been completed, XINHUA learned today.

According to data from the Ministry of Agriculture, 860 hectares of fishponds and 460 hectares of fields have been built around the lake.

In addition, some accessory facilities such as schools, wharfs, hospitals, roads and communication installations have been set up, the data said.

More than 2,000 families that used to live on the water in the lake area have moved to the land and settled around the lake since the project began in 1983.

As one of China's four biggest freshwater lakes, Hongze Lake, located in east China's Jiangsu Province, has an area of over 2,000 sq km.

The WFP provided the Hongze development project with more than 10 million U.S. dollars.

The total output of aquatic products in the lake area reached 27,000 tons in 1987, an increase of 80 percent over 1983.

Irrigation Project Benefits Qinghai Farmers
OW1610210488 Beijing XINHUA in English
0659 GMT 15 Oct 88

[Text] Xining, October 15 (XINHUA)—World Food Program (WFP) officials this week expressed satisfaction at the operation of a WFP-supported irrigation project in six counties in Qinghai Province.

The group comprised officials from the WFP and representatives from the eight major donor countries, including Britain, the United States, Italy, Canada, Australia, Sweden, Federal Germany and France.

The irrigation area is in the Huangshui River Valley, which previously had little vegetation and suffered from serious soil erosion.

The average grain output was only about one ton per hectare. Each year the state provided 4,500 tons of grain and 260,000 yuan in subsidies to local residents.

In the early 1970's, six large reservoirs were constructed but there was not enough money to build irrigation channels.

In 1985 the WFP donated 95,225 tons of grain for laborers and the Qinghai provincial government invested 41 million yuan towards the irrigation project.

Farmers levelled 8,174 hectares of farmland, built 363 kilometers of roads and planted 2.6 million trees along the 494-kilometer-long irrigation canals, in addition to a drinking water pipeline.

Grain output has increased to 3.75 tons per hectare as a direct result of the irrigation project, local officials said.

UNDP Water Project Helps Shanghai Industries
OW1910084688 Beijing XINHUA in English
0236 GMT 19 Oct 88

[Text] Shanghai, October 19 (XINHUA)—Shanghai has started to benefit from a technological development project supported by the United Nations Development Program (UNDP) for the treatment of industrial water.

A local official cited a dyestuff factory in the city as an example. The fixation rate of the factory was raised by 10 percent and the solubility of dyestuffs there by 20 percent after it started using treated water from the muddy Huangpu River.

Electronics, textiles and pharmaceuticals factories have also benefited from the application of technology for treatment of industrial water under the program and achieved better economic results, said the official.

A survey conducted in Shanghai showed that 45 percent of the accidents involving industrial boilers were because of the low quality of water used.

Furthermore, Shanghai discharges each day huge amounts of waste water into the local rivers, causing great losses to the city.

To improve the quality of water for industrial use and to change the waste water into usable water as a way to alleviate the water shortage in the city, in June 1987 the

central government signed an agreement with the UNDP on a technological development project for treatment of industrial water in Shanghai.

With 3.45 million yuan from the Chinese Government and 700,000 U.S. dollars from the UNDP, the first phase of the project was undertaken by the Shanghai Industrial Water Technology Research Center.

Now, a laboratory for the development and application of industrial water treatment technology, and one for the analysis of water quality have been built and put into operation in Shanghai.

World Bank Official Assesses Asian Economies
OW1910051988 Beijing XINHUA in English
0708 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—All of Asia is increasingly perceived as rapidly travelling up a powerful growth path of rapid adaptation and international market integration and its reputation for macroeconomic prudence is deserved.

This was stated by Attila Karaosmanoglu, vice-president for Asia, the World Bank, in a recent speech, according to the World Bank resident mission in China.

Asia is far more complex than its reputation as the home of one economic miracle after another, the vice-president said, adding that the strength of many Asian countries continued to astound even the most skeptical observers.

There are many examples of rapidly growing, highly competitive, technologically advanced developing countries in Asia. The dazzling performance of these countries tended to obscure equally compelling realities outside of the spotlight.

The World Bank has contributed to Asia's economic and social progress, he said. However, he noted, several long-term development problems still pose very serious challenges for a number of Asian countries.

A group of Asian countries has once again over the last year and into 1988 demonstrated remarkable dynamism while leading the region's strong comparative performance. The World Bank's forecast for regional GDP [gross domestic product] growth is 6.8 percent for 1988 after a 7.2 percent gain the year before. This is well ahead of the overall rate for all developing countries which was 4.5 percent in 1987 and a forecast of the same for 1988. The leaders are found in East Asia, where countries such as China grew by 9.4 percent last year and Thailand at a surprising 7.1 percent rate.

Of considerable importance in this regional performance last year was a remarkable surge in manufactured exports. Again the leaders were in East Asia as China, Malaysia, and Thailand all registered real growth rate of manufactured exports in the 25-30 percent range.

Of nine major Asian countries, not one experienced inflation last year over 11 percent, therefore, Asia's regional reputation for macroeconomic prudence is deserved, he said.

With regard to the changing composition of World Bank lending, the vice-president said among the international business community there is a long-standing perception that the Bank's operations in Asia are dominated by large-scale investments in such sectors as transportation, energy, water supply, and industry. The Bank expected to expand the category of policy-based operations in several countries, especially on a sectoral basis.

China, he said, comes to mind not as a country burdened with heavy external debt obligations, because it is not. But like others in the region, China is faced with difficult and costly policy and institutional development problems which the Bank can help address through its adjustment lending instrument. The Bank is supporting the next stages of China's agricultural reform with a sector adjustment operation.

The ability of most Asian countries to adjust rapidly and effectively to changing economic conditions is significant, not only as a demonstration of economic management skills, but more fundamentally as a requirement for sustained growth and the reduction of poverty. As countries have grown rapidly from low to middle income status in Asia, the proportion of people living in poverty has declined appreciably, demonstrating the strongly positive relationship between economic growth and poverty alleviation.

"Asia is a region of great achievement, profound potential, and unquestioned further needs," the vice-president concluded.

United States

First Joint U.S.-PRC Computer Equipment Sold
OW2010034588 Beijing XINHUA in English
0242 GMT 20 Oct 88

[Text] Shanghai, October 20 (XINHUA)—Contracts were signed here today for the purchase of the first batch of computer equipment produced by a Sino-American computer cooperative venture.

In July the China Hewlett-Packard Co. Ltd. and the Xiamen-based Huaxia Group and the East China Computer Technology Research Institute, signed a contract to assemble 200 sets of engineering workshop computer equipment valued at five million U.S. dollars.

The engineering workshops can be used in machinery, electronics, building and light and textile industries to improve the quality and increase the quantity of the products, and reduce the production costs, said Jansen Ek, general manager of the Shanghai branch of the China Hewlett-Packard Company.

The technology for producing the equipment is offered by the China Hewlett-Packard Company, a Sino-U.S. joint venture, and the other partners will take charge of the marketing of the products in China.

From a list of 4,300 joint ventures, China Hewlett-Packard has been named one of the best ten foreign-funded enterprises in the country.

Democrats Expected To Dominate in U.S. House
OW1910230688 Beijing XINHUA in English
1856 GMT 19 Oct 88

[Text] Washington, October 19 (XINHUA)—The U.S. House will continue to be dominated by Democrats since no major shift in the makeup of the chamber is expected, the CHRISTIAN SCIENCE MONITOR reported today.

All the House members face re-election this year. The House is currently controlled by Democrats with 254 Democratic members and 178 Republican members, and three seats are vacant.

Experts predicted that only a few seats may switch hands in this fall's elections, and it will be a "status quo election."

An unusually large number of 408 members are seeking re-election this year. While there are usually about 40 open seats in House races, this time there will be 27. In the House race, incumbency has become tantamount to victory.

Statistics showed that in recent elections, more than 90 percent of those who decided to rerun for office were successful. 98 percent of incumbents won in 1986.

The most important factor the incumbents usually win is the financial advantage they hold over challengers. Political action committees (PACs) and big campaign contributors all tend to prefer incumbents over challengers.

House incumbents received 47 million dollars from PACs in the 18 months ending June 30, while their challengers received only 3.1 million dollars. Total contributions to incumbents reached 106 million dollars while challengers received only 20.5 million dollars.

Therefore, whoever will be the next U.S. President, the U.S. House is expected to be dominated by the Democrats, a status quo which has lasted for 34 years.

Soviet Union

Vice Foreign Minister to Soviet Border Talks
OW2010072888 Beijing XINHUA in English
0640 GMT 20 Oct 88

[Text] Beijing, October 20 (XINHUA)—Tian Zengpei, vice foreign minister and head of the Chinese Government delegation to Sino-Soviet boundary talks, left here by air this morning for Moscow to attend the third round of Sino-Soviet boundary talks.

Seeing him off at the airport was O. A. Troyanovskiy, Soviet ambassador to China.

Soviet Science Delegation Visit Slated for Nov
OW1910234688 Beijing Domestic Service
in Mandarin 0800 GMT 12 Oct 88

[Text] At a press conference in Moscow on 11 October, Yerekov, deputy chairman of the Soviet State Committee for Science and Technology, said: A Soviet delegation headed by Tolstykh, deputy chairman of the Soviet Council of Ministers and chairman of the Soviet State Committee for Science and Technology, will go to Beijing to attend the activities of "Soviet Science and Technology Days in China" to be held from 8 to 16 November.

Yerekov said: The activities will include holding the large-scale "Soviet Science and Technology Exhibition" in Beijing, organizing a report meeting on Soviet science and technology, showing Soviet science and technology films, and holding relevant academic discussion meetings in cities in China.

It is also reported that a Soviet science and technology book fair will be held in Beijing during the "Soviet Science and Technology Days in China."

Northeast Asia

Li Xiannian Tells Japanese About Soviet Ties
OW1910163588 Beijing XINHUA in English
1610 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—China and the Soviet Union are two big countries neighboring each other, and it is not a good thing, nor does it accord with the trend of the times, for them to remain in a state of estrangement.

This remark was made by Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference, while meeting Yoshimi Furui, president of the Japan-China Friendship Center, and his party here today.

Li said that it is always better for a country to have more friends and fewer enemies. Of course, it is still better to have no enemies, he added.

Li said the Kampuchean question is still the chief obstacle to the normalization of Sino-Soviet relations. The Soviet Union can do something to make Vietnam withdraw all its troops from Kampuchea as soon as possible, he added.

Li told the Japanese visitors that the Chinese foreign minister is scheduled to visit the Soviet Union this year. If the meeting of the Chinese and Soviet foreign ministers achieves positive results, he said, a summit meeting of the two countries will be possible next year.

This is only a possibility, he added, because it is not decided by one's own wishful thinking. Rather, it is decided by mutual understanding and trust and by real solutions of problems.

Li also answered questions raised by Furui on China's economic situation. Furui said Japan is willing to cooperate with China in its economic development.

Li mentioned some old Japanese friends of China, including some now deceased who made great contributions to expanding Sino-Japanese friendship. "The Chinese people will never forget them," he said.

The Japanese visitors are here as guests of the China-Japan Friendship Association.

Furui, 85, is known here as an old friend of the Chinese people. He has visited China on many occasions since 1959. He was one of the responsible members on the Japanese side of the Japan-China Trade Memorandum Office (now defunct), and was once chairman of the Dietmen's League for Japan-China Friendship.

Wu Xueqian Briefs Japanese Business Delegation
OW1810120489 Beijing XINHUA in English
0912 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Chinese Vice-Premier Wu Xueqian met here today with a Japanese delegation headed by Kisaburo Ikeura, president of the Industrial Bank of Japan Ltd.

Wu briefed the visitors on China's present economic situation.

The delegation consists of more than 80 Japanese industrialists and businessmen who are here to study China's investment environment at the invitation of the Chinese Ministry of Foreign Economic Relations and Trade.

Japan's Takeshita Receives Newspaper Delegation
OW2010065388 Beijing in Japanese to Japan
0930 GMT 18 Oct 88

[Text] A RENMIN RIBAO delegation led by its director, Qian Liren, is currently visiting Tokyo. Yesterday afternoon Prime Minister Takeshita met with the delegation at the prime minister's official residence.

At this meeting Prime Minister Takeshita briefed the delegation on the development of Japanese economy, as well as other issues, including the economic cooperation between Japan and China. He then reviewed past exchanges with Chinese friends. Moreover, Prime Minister Takeshita praised RENMIN RIBAO's efforts to promote friendship between our two countries.

The RENMIN RIBAO delegation is visiting Japan at the invitation of ASAHI SHIMBUN.

PRC Ambassador, Takeo Fukuda Hail Anniversary
OW1910200788 Beijing XINHUA in English
1636 GMT 19 Oct 88

[Text] Tokyo, October 19 (XINHUA)—Yang Zhenya, Chinese ambassador to Japan, and former Japanese Prime Minister Takeo Fukuda today hailed the 10th anniversary of the Peace and Friendship Treaty between Beijing and Tokyo.

The two men agreed in the Chinese Embassy here that the pact has promoted friendly, cooperative relations, an embassy official said.

Yang thanked Fukuda for promoting Beijing-Tokyo relations when he was prime minister, the official said.

The treaty was signed on August 12, 1978 and came into effect on October 23.

Beijing To Expand Airport With Japanese Loan
OW1810155488 Beijing XINHUA in English
1034 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Beijing will expand its Capital International Airport, China's largest, in 1990 with a 700 million Japanese yen (5.3 million U.S. dollars) loan from the Japanese Government which will be matched by a corresponding fund from the Chinese Government, an official from the airport authority told XINHUA recently.

Jiang Jiaxuan said that the airport plans to build another terminal building with a floor space of 100,000 square metres. The airport will also build aircraft and bus parking aprons and upgrade piloting and telecommunications facilities.

The Capital Airport will be able to handle 7,500 passengers per hour, four times more than the current handling capacity, when its extension project is completed by 1993.

Congestion has been an increasingly serious problem in the Capital International Airport's existing terminal building with a floor space of 61,500 square metres. Its designed handling capacity of 1,500 people per hour is far below the current number of passengers.

Japanese Ministers Visit Yasukuni Shrine
OW1910001888 Beijing XINHUA in English
1443 GMT 18 Oct 88

[Text] Tokyo, October 18 (XINHUA)—Four cabinet ministers paid homage here today to the Yasukuni Shrine, where memorial ceremonies are held for Japanese war dead including 14 "Class-A" war criminals.

Home Affairs Minister Seiroku Kajiyama, Labor Minister Taro Nakamura, Construction Minister Ihei Ochi and State Minister Shigeru Kasuya visited the Shinto shrine.

Justice Minister Yukio Hayashida, Management and Coordination Agency Director General Osamu Takatori and National Land Agency Director General Hideo Utsumi said they will visit the shrine on Wednesday, the closing day of its three-day autumn rites.

International Trade and Industry Minister Hajime Tamura visited Yasukuni on Monday, the opening day of the rites.

Official visits to the shrine have been criticized by neighboring nations, which still have bitter memories of atrocities committed by Japanese soldiers against civilians during World War II.

DPRK Response to North-South Summit Reported
HK1910114388 Beijing RENMIN RIBAO in Chinese
16 Oct 88 p 6

[Dispatch from Pyongyang by reporter Xu Baokang (1776 1405 1660): "Korean Committee for Peaceful Reunification of the Fatherland Calls for Easing of North-South Political Confrontation and Military Tension"]

[Text] Pyongyang, 15 Oct—The Korean Committee for Peaceful Reunification of the Fatherland issued a statement on 14 October, pointing out: First of all, conditions and an atmosphere should be created for holding a summit meeting between the North and the South. At present, the most important thing to do is to ease the sharp political confrontation and military tension between the North and the South.

The statement adds: At present the international situation is heading toward peace and an easing of tension. This has created a favorable condition for the peaceful reunification of Korea. On 4 October, the South Korean authorities raised the issue of a summit meeting between the North and the South. Korea believes this is a matter worth welcoming.

The statement stresses that in order to hold a summit between the North and the South, the following problems should be solved: signing a declaration of mutual nonaggression, establishing a federal government of a

unified country, or a committee for peace and reunification, and so on. If there is no definite guarantee for the settlement of these problems, the results of the meeting can only be disappointing. To hold a summit meeting, efforts must, first of all, be made to create conditions and an atmosphere.

The statement continues to say: Holding a high-level talk between the North and the South on political and military affairs and a joint meeting of the parliaments of the North and the South is important and beneficial to the convening of the summit meeting. Efforts should be made to solve the problem of mutual nonaggression and to make a breakthrough in easing tension.

The statement emphasizes: To create conditions and an atmosphere, South Korea must abolish its "state public security law" and "anticommunist law," which conflict with the North-South dialogue.

In conclusion, the statement stresses: The path of reunification is a difficult path. However, by relying on democratic force, we can certainly fulfill the great historical undertaking of the reunification of the fatherland.

CPC's Li Ximing Meets DPRK Party Delegation
OW1910125088 Beijing XINHUA in English
1147 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—Li Ximing, member of the Political Bureau of the Chinese Communist Party Central Committee, met with a delegation from the Workers' Party of Korea (WPK) led by Kim Chae-pong, alternate member of the WPK Central Committee.

The delegation arrived here October 12.

Southeast Asia & Pacific

PLA's Xu Xin Meets Australian Army General
OW1910000488 Beijing XINHUA in English
1523 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Xu Xin, deputy chief of the general staff of the Chinese People's Liberation Army, gave a dinner in honor of Lt. General L.G. O'Donnell, chief of the general staff of Australian Army, here tonight at the Great Hall of the People.

Lt. General O'Donnell arrived here yesterday. This morning General Xu Xin held a ceremony welcoming O'Donnell.

O'Donnell will also visit Nanjing and Shanghai before concluding his China tour and leaving for home on Oct. 23.

'News Analysis' on U.S.-Philippine Bases Talks
OW2010000288 Beijing XINHUA in English
0741 GMT 19 Oct 88

[**"News Analysis: A Compromise Pact (by Zhai Shuyao and Zheng Jie)"—XINHUA Headline]**

[Text] Manila, October 19 (XINHUA)—After six months of off-again and on-again negotiations, the Philippines and the United States have finally concluded an agreement on the continued use of the U.S. military bases in the country until September 1991.

People from various sectors here have had mixed reactions to the agreement since it was signed by Philippine Foreign Affairs Secretary Raul Manglapus and U.S. State Secretary George Shultz in Washington on October 17. While a number of government officials and private citizens welcomed the accord, many others either assailed the U.S. offer to pay 481 million U.S. dollars for the compensation of the bases as a "low rent" or took up a wait-and-see attitude. Some criticized the negotiators as "giving way too much" and "glossing over more significant issues like Philippine sovereignty" by allowing the continued stay of the U.S. bases.

But President Corazon Aquino and government officials declared in statements that the agreement "reaffirms the enduring bilateral relationship between our respective countries and allows us to proceed to improve other aspects in the relationship."

Analysts here deemed the newly-concluded memorandum of agreement as a result of compromise made by both sides.

All signs show that both the U.S. and the Philippines have to continue to meet their mutual needs and interests by reaching a mutually acceptable agreement on the vital issue of the retention or removal of the U.S. military bases.

The Clark Air Base and Subic Naval Base, the two largest U.S. military facilities abroad, serve as the main outposts of U.S. air and naval power in the Pacific-Indian Ocean region. It would be difficult for the U.S. to withdraw them, even if they have repeatedly threatened to do so.

With the important role that has been assigned to the U.S. bases here, it is little wonder why the U.S. is worried every time there is a move by the Philippine Government that could hamper its effective use of the facilities.

On the other hand, the Philippine Government also needs continued U.S. economic and military assistance. It had to soften its hard-line posture in the negotiations when the U.S. and its Western allies linked the granting of assistance to the passage of bases pact.

Among the salient features of the compromised Manglapus-Shultz accord is the detailed provision of the compensation issue.

Under the pact, the U.S. agrees to pay 481 million U.S. dollars in cash annually to the Philippines for the continued use of the military bases for the years 1990-1991. The amount is 267 percent higher than the 180 million U.S. dollars a year Washington is paying for 1985-1989.

As the "soft components" of the compensation package, the U.S. also promises to buy more Philippine products, and particularly help it ease its 28.9-billion-U.S. dollar foreign debt burden.

In return, the Philippines amends its original demand for a compensation of at least 1.2 billion U.S. dollars yearly for the use of the Clark and Subic bases and four other minor military facilities in the country.

On the other key issue of nuclear weapons, the agreement grants the Manila Government a final authority over storage and installation of nuclear arms on Philippine territory. However, the U.S. nuclear warships and aircraft will be allowed to make port calls or enter the Philippine territory.

Analysts noted that the Philippine panel led by Manglapus had demanded the following issues at the start of the talks: removal of the clause "unhampered military operations" from the U.S.-Philippine military bases agreement and the changes in the provision on criminal jurisdiction. The Philippines wants jurisdiction over soldiers who commit crime and prior notice on any U.S. military operations conducted from the bases.

However, the agreement neglects the mention of the critical issues. Manglapus himself admitted that the review "has not resolved all the issues" the Philippine side has raised.

The newly-concluded agreement covers only the last two years of the 1947 bases agreement which expires in 1991. Analysts predicted that a new round of talks or bargaining will begin to tackle the more vital issues concerning the fate of the U.S. bases here beyond 1991 and the talks will be even more difficult.

A Philippine senior foreign affairs official has said the agreement is a positive stepping-stone towards smooth talks on the possibility of extending the bases agreement beyond 1991.

Any new treaty on the extension of the bases will have to be approved by the 23-member Philippine Senate, where the anti-U.S. base bloc claims to have two more than the eight votes necessary to veto any such pact.

President Corazon Aquino said earlier that she would announce her options on the fate of the U.S. bases after the talks.

Analysts said that there would be great possibilities that the president would grant an extension of the bases after the expiration of the current agreement. But the new treaty would not cover a term of 50 years. It is likely to be a term of five or ten years, during which time Manila would consider more alternative options on the U.S. bases, proceeding from the long-term national interest of the Filipinos.

SRV's Nguyen Van Linh Calls for Renovation
OW1710152488 Beijing XINHUA in English
1235 GMT 17 Oct 88

[Text] Hanoi, October 17 (XINHUA)—Vietnamese Communist Party General Secretary Nguyen Van Linh today called for creating a striking power for the work of renovation.

The Vietnamese top leader made a 8-minute speech this afternoon at the 6th National Congress of the Vietnamese Trade Union, of which Linh held as the president from 1978 to 1980. [as received]

It is essential to effect a comprehensive renovation in all domains of activity, ranging from thinking, notably economic thinking, manner and method of leadership and of working to organization and personnel, Linh said.

He recalled the situation in the past five years, saying that "there were many achievements, but no few difficulties were encountered, to say nothing of many shortcomings and errors. Socio-economic upheavals, especially spiralling 'inflation and fits of food fever' have a far-reaching effect on the life of every worker and on every family."

Linh said, "The panorama of our society does not yet have many fundamental changes. Many difficulties need to be overcome, many contradictions must be eliminated."

The top leader stressed, "We fully realize that no renovation, no transformation of a nation can be effected without upheaval and cost."

Linh did not mention in his long speech the country's foreign policies, especially how to solve the Kampuchea issue, the root cause of Vietnam's isolation in the world and its worsening domestic situation.

Near East & South Asia

Industry Minister Meets Iran's Musavi
OW1910224988 Beijing XINHUA in English
1947 GMT 19 Oct 88

[Text] Tehran, October 19 (XINHUA)—Iranian Prime Minister Hoseyn Musavi received here today visiting Chinese Light Industry Minister Zeng Xianlin and discussed with him bilateral relations.

During the meeting, Musavi enquired about China's economic reform and expressed the hope that China would play its role in Iran's post-war reconstruction.

Referring to the UN Resolution 598 for Iran-Iraq peace, Musavi expressed his concern over the delay of its complete implementation and hoped that China, a permanent member of the UN Security Council, would push its quick and strict implementation.

Zeng Xianlin told the Iranian premier that China is ready to take part in Iran's post-war reconstruction and hopes for the successful implementation of the UN resolution.

Zeng arrived here Sunday night and he has also met with Iranian Deputy Premier Hamid Mirzadeh and Energy Minister Zangeneh. Zeng is scheduled to conclude his visit next Sunday.

Sub-Saharan Africa

Angolan President Arrives in Beijing
OW2010125588 Beijing XINHUA in English
0907 GMT 20 Oct 88

[Text] Beijing, October 20 (XINHUA)—President Jose Eduardo dos Santos of the People's Republic of Angola and his entourage arrived here by a special plane this afternoon on a five-day official goodwill visit to China.

Santos, as Angola's first head of state to visit China since Angola gained its independence and the two countries established diplomatic relations, is here as guest of Chinese President Yang Shangkun.

Greeting the Angolan guests at the airport were high-ranking Chinese officials including Li Senmao, chairman of the Chinese Government Reception Committee and minister of railways, and diplomatic envoys of some African countries to China.

An official from the Chinese Foreign Ministry said that Yang will preside over a welcoming ceremony and host a banquet in honor of the Angolan guests here this evening in the Great Hall of the People.

Delegation in Uganda Views Cultural Exchanges
OW2010022088 Beijing XINHUA in English
0109 GMT 20 Oct 88

[Text] Kampala, October 19 (XINHUA)—Chinese and Ugandan officials held a fruitful discussion here today on the expansion of cultural exchange between the two countries.

The discussion was held between a Chinese Government delegation headed by Deputy Minister of Culture Gao Zhanxiang and Ugandan Deputy Minister of Youth, Culture and Sports Betty Okwi.

The cultural exchange programme for the next two years will cover personnel, art ensembles and stagecraft.

The three-man Chinese delegation arrived here yesterday for a six-day visit to Uganda as the first leg of a four-nation African tour.

West Europe

Zheng Tuobin Leaves for France, Netherlands *OW2010090688 Beijing XINHUA in English* *GMT 20 Oct 88*

[Text] Beijing, October 20 (XINHUA)—Zheng Tuobin, Chinese minister of foreign economic relations and trade, left here today to attend the eighth Sino-French mixed economic and trade committee and 10th Sino-Netherlands mixed economic and trade committee meetings respectively.

Zheng will also go on to visit Peru and Chile.

Song Renqiong Meets Norwegian Delegation *OW1910121088 Beijing XINHUA in English* *1145 GMT 19 Oct 88*

[Text] Beijing, October 19 (XINHUA)—Song Renqiong, vice-chairman of the Central Advisory Commission of the Communist Party of China (CPC), met with a delegation from the Communist Party of Norway (CPN) led by Kare Andre Nilsen, chairman of the Central Committee of the CPN, and gave dinner in its honor her tonight.

The delegation came to China for a visit October 11 at the invitation of the CPC.

East Europe

Yang Shangkun Meets Hungarian Delegation *OW2010124788 Beijing XINHUA in English* *1142 GMT 20 Oct 88*

[Text] Beijing, October 20 (XINHUA)—Chinese President Yang Shangkun said here today that with an experienced party and united people, China confides in overcoming difficulties in the current economic development.

During a meeting with Istvan Stadinger, speaker of the Hungarian National Assembly, Yang noted that China has made tremendous achievements in its ten years of reforms but it has also problems.

Speaking on the problems of the excessive growth of production and basic construction, and inflation, Yang acknowledged that decisions were made at the 3d Plenary Session of the 13th Party Central Committee for settling these problems but their solution takes time.

The socialist road is not always smooth and there is no fixed mold for socialist construction, he said. Every socialist country should carry out economic construction in accordance with its own conditions, he added.

China had once been confined to a certain mold, which had both positive and negative sides, he said, adding that the negative side is that it can not bring the people's enthusiasm into full play.

On bilateral relations, he said that China and Hungary enjoy good relations. Hungary has a lot of good experience in its reforms for China to learn from.

Stadinger said that he and his delegation have, during their visit, witnessed China's resolution to carry out its reforms.

The delegation is scheduled to leave for home this evening.

Zou Jianhua Meets Hungarian Industry Minister *OW1910052488 Beijing XINHUA in English* *1144 GMT 18 Oct 88*

[Text] Beijing, October 15 (XINHUA)—Zou Jianhua, state councillor and minister of machine-building and electronics industry, met with a delegation from the Hungarian Ministry of Industry led by F. Berecz, minister of industry, and hosted a dinner in its honor here this evening.

The delegation arrived here yesterday at the invitation of the Ministry of the Machine-building and Electronics Industry.

Nuclear Technology Breakthrough Achieved 16 Oct
OW1910160088 Beijing XINHUA Domestic Service
in Chinese 0903 GMT 19 Oct 88

[By reporters Shi Baohua and Chen Jinwu]

[Text] Beijing, 19 Oct (XINHUA)—At the early hour of 0556 on 16 October, heartening tidings come out of the Institute of High Energy Physics of the Chinese Academy of Sciences, located on the western outskirts of Beijing. An electron-positron collider, China's first high energy accelerator, successfully went into operation in Beijing on its first try.

This is another major breakthrough achieved by China in advanced science and technology, following the successful explosions of atomic and hydrogen bombs and the launching of artificial satellites in space.

The Beijing electron-positron collider, a high technology project carried out under a policy decision of the party Central Committee and the State Council, consists of four major components: an electronic injector [dian zi zhu ru qi 7193 1311 3137 0354 0892], a storage ring, a detector and data processing center, and a synchrotron radiation laboratory. It is a complex systems engineering project composed of several hundred kinds and over 10,000 parts of highly sophisticated special equipment. Its completion and successful operation have opened up broad prospects for the applied research of particle physics and synchronous radiation, and have added a new chapter to the study of high energy physics in China.

The construction of the collider, regarded as the largest scientific research engineering project in the history of science and technology in China, was started on 7 October 1984, with Comrade Deng Xiaoping breaking the ground for construction. Over the past 4 years, the leading group on the collider engineering project, which was entrusted by the party Central Committee and the State Council, effectively organized and led nearly 10,000 scientific and technical personnel, workers, cadres, and PLA officers and soldiers of the Institute of High Energy Physics and a dozen central departments and commissions, as well as hundreds of affiliated plants, research institutes, and schools of higher learning, in overcoming mounting difficulties with the arduous spirit of self-reliance and confidence and by absorbing the world's advanced technology, thereby successfully designing, developing, manufacturing, installing, testing, and adjusting the collider with miraculously fast speed, economic investment, and good quality. The completion and successful operation of the collider indicates that China's science and technology and industrial production have reached a level whereby China is capable of independently studying and developing high technology equipment, and show that China has joined the world's advanced countries in accelerator technology.

This high technology engineering project has attracted attention from international scientific and technological circles throughout its construction. Hundreds of scientists from the United States, Japan, the Soviet Union, and Western Europe who visited the construction site in Beijing in recent years have expressed their admiration for the project's construction speed, quality, and level, and have offered many useful suggestions. Professor Tsung-dao Lee, who arrived in Beijing yesterday to attend a Sino-U.S. meeting on cooperation in high energy, called the successful operation of the Beijing electron-positron collider a monumental event in international high energy physics. To complete such a complicated high technology project in merely 4 years is a pace rarely seen in the world. The successful operation of the collider on its first try shows that its equipment, quality of the components, installation, testing, and adjusting have reached the world's top levels.

According to a senior staff member of the Chinese Academy of Sciences, the Beijing electron-positron collider, with its special characteristic in the applied research of particle physics and synchronous radiation, will be built into a national laboratory opened to other units, a base laboratory for joint experiments by various departments and subjects.

At present, experts of the Institute of High Energy Physics are making preparations for continuing the testing and adjusting and physical experiments in order to increase the reliability of various equipment and enable brightness and other targets to meet the designed requirements as quickly as possible through conducting physical experiments.

Scholar Predicts Constitutional Changes, Reforms
HK2010052188 Hong Kong HONGKONG STANDARD
in English 20 Oct 88 p 6

[By Ma Miu-wah]

[Text] An influential political scientist has predicted that the Chinese Constitution would be amended in the 1990's to make way for the country's political and economic reforms.

An ardent advocate of political reform, Professor Yan Jiaqi said the current economic and political reforms will make it necessary for China to amend its Constitution.

He said the integration of Hong Kong, Macao and Taiwan into China would be another driving force for a statute revision.

Interviewed by THE STANDARD, Prof Yan said many provisions in the Chinese Constitution which stipulate that the country should abide by socialism, ran counter to the economic and political practices in these places.

"Every word of the Constitution is supposed to be undefeatable. "But the problems of violation of the Constitution brought along by the reforms are overlooked at present," he said.

The visiting professor, who has just stepped down as director of the Political Science Institute, Chinese Academy of Social Sciences, has been invited to speak on China's current reforms at a function organized by the pro-Beijing Joint Publishing Company.

He was the first to suggest that the "iron-bowls" for leaders should be smashed and that China should establish a civil service system.

In his early forties, Prof Yan was a member of party chief Mr Zhao Ziyang's "think-tank" on reforms and came under public criticism during the anti-bourgeois liberalization campaign in 1986.

"Violation of the Constitution is so commonplace in China that the highest law has virtually lost its authority and credibility," he said.

He considered the introduction of private ownership a typical example.

Private ownership had existed in the country for years even before its introduction into the statute last March by the Seventh National People's Congress (NPC), he said.

Prof Yan suggested that the size of the NPC, the highest law-making body of the land, should be reduced in order to make it efficient or otherwise its Standing Committee be bestowed with more powers.

He also urged for an improvement in the method of nominating and selecting deputies to the NPC.

Prof Yan declined to accept the directorship at the Chinese Academy of Social Sciences, despite the fact that he won 91 percent supporting votes.

"I prefer concentrating myself in research and theoretical studies to shouldering heavy administrative work," he said.

He plans to devote the next one or two years to writing a book on modern capitalism—a hot topic in China.

"My book will be titled SOCIAL CAPITALISM. I will try to compare the concept of capitalism in the era of Karl Marx and that of the modern times," Prof Yan said.

In a speech he delivered last Monday, Prof Yan commented that Marxist idea of capitalism should be revised so as to accommodate new elements that Marx could not have predict. [sentence as published]

A more appreciative approach towards modern capitalism is gaining strength in China, accompanying the pace of economic reform.

Mr Xu Jiatun, the highest representative of China in Hong Kong, repeatedly talked and wrote recently on the merit of capitalism.

Prof Yan, who concentrated on his studies in the natural sciences before the Cultural Revolution, has an unshakable belief that science and democracy are two vital tools that can take the country forward.

A scientific approach would make the leaders take rational decisions, and democracy will empower the people to vote down leaders who commit wrong-doings, he says.

Official Discusses New, Old Systems in Reform
HK1910031588 Beijing ZHONGGUO JINGJI TIZHI GAIGE in Chinese No 9 23 Sep 88 p 9

[Article by ZHONGGUO JINGJI TIZHI GAIGE reporter: "Reform Will Not Stop—Gao Shangquan Discusses the 'Coexistence Phenomena' During the Replacement of the Old System by the New"]

[Text] "When reform reaches today's stage, it cannot stand still or backtrack, because the losses then will be much greater than those caused by errors in continuing reforms." Gao Shangquan, vice minister of the State Commission for Restructuring Economic System, said this at a recent news briefing and discussion meeting held by journalist circles for giving prizes to the writers of reports and articles on China's reform in the past 10 years.

In his speech, Gao Shangquan made a penetrating analysis of the contradictions and problems that further reforms will face. He listed various demonstrations of the contradictions in our economic life, and gave prominence to the "coexistence phenomena" in the course of transition from the old system to the new.

—The coexistence of excessive price increases and the urgent necessity of reforming the current price structure and stabilizing the prices.

—The coexistence of egalitarianism and unfair phenomena in the distribution of income, and the coexistence of contention for a higher income level and contention for a lower level of work contributions.

—The coexistence of large numbers of redundant personnel in institutions and enterprises and the shortage of workers and staff members of high quality.

—The coexistence of the capital shortage and the large amounts of idle funds.

—The coexistence of an excessive concentration of powers and an excessive decentralization of powers.

Gao Shangquan pointed out that such problems in the reforms can only be solved through reform. The "coexistence phenomena" are special phenomena in the stage where both the new and old systems exist at the same time. This added more difficulties to the reforms. Now, if we still put forward some piecemeal reform measures one after another, we will not achieve the expected objective. In our further reforms, we must take comprehensive, all-around, and well-coordinated measures. Not only will the reforms of the price system, the market system, and the enterprise management system, as well as reforms in other economic aspects, be well coordinated, but reforms in the political, cultural, and social fields will also be coordinated with the economic reforms. This requires governments from the central to local levels, as well as all grass-roots units, to make concerted efforts to tide over the difficulties.

He said that the replacement of the old systems by the new ones will bring about some shocks to society and may add difficulties to our efforts to climb up to a new goal, but the reforms have freed us from the shackles of the ossified and closed structure and enabled us to march arduously but also vigorously into the world community. Reform has brought about the people's awakening, the nation's resuscitation, and the country's new hope.

Zhu Houze, deputy director of the Rural Development Research Center of the State Council, put forward a thought-provoking question of whether the commodity economy in a socialist country should gradually decline or gradually grow. He said that today, some people still try to confine the commodity in a cage. He held that the socialist commodity economy is likely to be and also should be a higher stage of the commodity economy in its development, and the socialist market is likely to be and should be a better and mature form of markets. We should not regard commodities and currency as something evil and wrong in human history; instead, the currency, which is used to compare and measure man's labor as an abstract yardstick, should be regarded as the crystallization of human wisdom.

The prizes given to outstanding reports and articles on reforms in the past 10 years were jointly sponsored by QIYE BAO, SHIDAI magazine, and ZHONGGUO JINGJI TIZHI GAIGE magazine in order to mark the great reform achievements over the past 10 years.

Twenty one journalist and publishing units attended the news briefing and discussion meeting.

Current Reform Situation Assessed at Seminar
HK2010065588 Shanghai SHIJIE JINGJI
DAOBAO in Chinese 10 Oct 88 pp 1, 2

[Report by Mou Jun (3664 6511): "Make An Accurate Judgment on Characteristics and Contradictions of the Situation of Reform at Present"]

[Text] The contradictions and problems brought about by a change to a new economic system from the old, currently referred to as "labor pains," has allegedly

aroused attention across the land and all over the world. In Beijing, at the national seminar on economic restructuring jointly convened last week by the CPC Propaganda Department, the State Commission for Restructuring the Economic System, and the Chinese Academy of Social Sciences, ideas were exchanged, discussions held, and a summary made at a comparatively profound level on the theory guiding China's economic restructuring which has lasted about 10 years.

One hundred and seven prize winners of thesis competitions and 67 famous experts, scholars, entrepreneurs, and middle-aged and young theoreticians were present at the meeting, and items on the agenda included basic questions relating to current economic structural reform: How to make a correct judgment on the situation of current economic restructuring, and the characteristics, contradictions, and problems at a time when reform has entered a crucial moment, and how to sort out and deal with the complicated problems arising on our march.

Different people look at things in different ways. That is the impression the 5-day meeting left on this reporter. Vice minister of the State Commission for Restructuring Economic System, Gao Shangquan, summarized China's current economic situation as "a critical period in which a new system is replacing the old." He said on the first day of the meeting, that we are facing new contradictions and new problems, the main aspects of which are that we must ensure that our economy develops at a given speed, while we must prevent economic overheating; we must enthusiastically and steadily reform the irrational price system, while taking into account the extent to which price increases are acceptable to the nation, the enterprises, and the people; we should reform the egalitarian distribution system and wage system, stopping new unfair social distribution from arising; we should bring the initiative of localities and the grass-roots units into full play, while we must ensure that the government's unified legality and decrees are introduced throughout the country, and that the government enjoys the right to dominate the overall economic situation; we should allow flexibility in the microcosmic economy, while we must strengthen macrocontrol and macro-supervision; we must uphold the open policy, while trying to resist the corrosive influence of bourgeois and feudalistic ideologies; keep the party and government bodies free from corruption, and improve the general mood of society. Only by steadfastly, cautiously, and steadily carrying out reform to the end, can we basically overcome these difficulties and solve these problems.

When coming across vice president of the Chinese Academy of Social Sciences, Liu Guoguang, I expressed my concern: Do the current measures for strengthening macro-administrative intervention go against the objective of establishing a market economy system? He said, we have never said that we will discard administrative means. The U.S. Government applies emergency measures such as freezing prices and wages in curbing

galloping inflation. Administrative regulation is an effective measure a government may take when necessary. Of course, this is not enough. Economic means such as readjusting interest rates are also effective. Readjusting interest rates is a comprehensive and multifunctional regulation means, and is in use in countries the world over.

Liu Guoguang's position on improving the economic environment is: Reform is a chain action relating to many aspects including enterprises and markets. As inflation has become the main stumbling bloc for China's further reform and growth, improving the economic environment, curtailing the overexpansion of total demand, and reducing or even eliminating the gap between the total demand and total supply should constitute the goals we will strive to reach within the next few years. He pointed out: Judging from the chronological order of the development of the theories on reform, the controversies over thinking on the process of reform suggest that the theoretical research on economic reform has entered a more profound level in recent years.

The participants expressed all kinds of concern over whether we will be able to stem the growing inflation next year. Zhang Zhuoyuan, the director of the Institute of Finance, Commerce, and Commodities Economics of the Chinese Academy of Social Sciences told this reporter: It is very difficult to cut the inflation index to lower than double digits next year. If the index is markedly lower than this year, it would be a great success. A single-digit index is the objective for the year after next, and its attainment depends on improving the economic environment, effective measures, and concerted efforts.

Asked what he meant by "effective measures," Zhang picked out raising interest rates for example. For the first step, increasing the interest rate by 10 percent, about the percentage by which prices increase, to curb inflation. The interest rate has been increased by 20 to 30 percent in South Korea and Taiwan, and the effects proved satisfactory. Other measures include curtailing investment in capital construction and social groups' purchasing power, selling houses and small enterprises, and issuing shares. Only by coordinating all these measures properly can inflation be brought under control. He also stressed: It is difficult to pursue price reform amidst inflation.

Nationwide Drive To Educate People on Reforms
OW1910195088 Beijing XINHUA in English
1527 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—China has decided to launch a nationwide drive to educate the Chinese people on the current situation to unify their thinking and actions.

The move is designed to enable people to make concerted efforts to fulfill the tasks set by the 3d Plenary Session of the 13th Communist Party of China (CPC) Central Committee for improving China's economic environment, rectifying its economic order and deepening the reforms.

The decision was made at a national propaganda meeting that closed here today. The four-day meeting was called by the Propaganda Department of the CPC Central Committee.

Hu Qili, a Standing Committee member of the Political Bureau of the CPC Central Committee urged CPC Committees at all levels to throw themselves into the new educational drive.

"Through this drive, we should be able to make all cadres and the masses rally round the work of improving the economic environment, rectifying the economic order and deepening the reforms," he told the meeting.

Rui Xingwen, a member of the Secretariat of the CPC Central Committee, called for efforts to help the people have a correct understanding of the necessity of improving the economic environment.

The two leaders also stressed the importance of promoting publicity in the building of socialist ideology and culture, and of improving ideological work in all areas.

Participants at the meeting—mostly heads of Propaganda Departments of the CPC Committees in province-level areas—agreed that the theme of education in the current situation should be to study and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee.

They stressed the importance of proceeding from the principle of seeking truth from facts.

China has scored tremendous achievements in its socialist construction and yet it also faces many difficulties in the course of its advance, they said.

Hence the necessity to make the people understand what achievements the country has made, what difficulties it faces, what measures are being taken to overcome the difficulties and what prospects China has.

The participants decided that the education drive this fall and next spring will concentrate on party members, particularly leading party members above the rank of county magistrate.

Vice Minister Criticizes Government Waste
OW1910193988 Beijing XINHUA in English
1547 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—A high-ranking official tonight launched a bold attack on government departments' extravagance and waste.

Chi Haibin, vice minister of finance, said at a national telephone conference: "China is still a poor country, so we must oppose any waste, practise strict economy and advocate clean government."

Leading officials of various local governments and departments of the central government attended the meeting, which was held by the State Council here tonight.

Chi Haibin criticised some officials and staff members upon holding too many ceremonies and banquets, and giving lavish gifts, buying passenger cars, color TV sets and other luxuries.

The waste is serious even in the poor and backward regions, he noted.

On the one hand, he continued, the state is short of funds for reform and construction; on the other, many departments are blindly expanding non-production expenditure.

He pointed out: "The people have complained a lot about such problems, which will damage the government's prestige and reputation if it goes on uncontrolled."

The problem still exists in the control over the institutional purchasing power. The amount of money purchased by government departments and institutions totalled 12.17 billion yuan in the January-July period this year, 1.5 percent more than last year's same period. It rose by over 10 percent in seven regions.

The vice minister noted that such a situation is not ideal and it is far from the central government's demand to cut the purchasing power by 20 percent on the basis of last year's figure.

To this end, the State Council has decided to take more severe measures to tighten control over the institutional purchasing power—20 percent less this year and 20 percent less next year.

The vice minister called for central and local government departments to adopt the official responsibility system to rein in consumption by the institutions and departments so as to alleviate the strain on the consumer goods market.

He held that such measures will help bring the chaos in the circulation field under control.

The vice minister urged the departments of industry, commerce, materials, banking and accounting to make extra efforts in their work. He also called on procuratorial organs to punish those who violate the laws and disciplines.

Crime Control Centers Expose Corruption
OW1910194688 Beijing XINHUA in English
1531 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—Crime control centers and hotlines for citizens to expose corruption have been set up all over China this year.

Some 1,974 procuratorates including 26 at the provincial level and 130 at the prefectural level, have opened crime control centers since the first one appeared in Shenzhen last March.

Establishment of these centers and telephone lines, observers hold, is aimed at encouraging ordinary citizens to expose crime and leading to government departments becoming more honest.

According to the national procuratorate conference on crime reporting work, which closed today, China's procuratorates had received more than 44,000 cases reported by citizens through these channels by the end of last September.

Over half of the cases involved economic crimes such as embezzlement, bribery, tax evasion, profiteering and speculation, and 3,300 of them center around the violation of citizens' democratic rights.

To date, 7,000 of the cases have been put under investigation, 360 of the cases involved over one million yuan each and 83 people involved in the cases have been prosecuted, according to conference data.

An official of the Supreme People's Procuratorate said: "Crime control centers have frightened criminals and more than 1.3 million criminals have given themselves up to the centers in the past few months."

Zhao Ziyang, general secretary of the Central Committee of the CPC, once said that telephone lines for citizens to expose corruption should be followed by other accessory measures.

Liu Fuzhi, chief procurator of the Supreme People's Procuratorate, required that procuratorates at different levels should make efforts to continue the crime reporting work and establish a crime reporting system in the country.

The Supreme People's Procuratorate is now working out rules on crime reporting work to guarantee the safety and anonymity of those who report crimes, which are expected to be published next year.

Over 20,000 Cases Noted
HK2010024088 Beijing CHINA DAILY in English
20 Oct 88 p 1

[By staff reporter Chen Weihua]

[Excerpts] Shanghai—Anti-corruption centres throughout the country have received reports of more than 20,000 economic crimes committed by government and Party officials, a top official said yesterday. [passage omitted]

In the past three months, these centres have heard 44,163 cases which provided procuratorates with 3,300 clues to human right violations and malfeasance and 22,416 clues to economic crimes. These included graft, bribery, tax evasion, misappropriation of public funds, speculation and profiteering.

Among the accused, about 22,036 were government officials, accounting for 27.3 per cent of the total; 4,733 were party members, about 10.7 per cent of the total, and 943 were at one time bureau directors of the municipal government.

Zhang said procuratorates have placed 1,714 cases on file for investigation and prosecution, among which 366 were regarded as "serious cases," involving over 10,000 yuan.

Eighty-three people have been indicted and about 34.98 million yuan recovered from these crimes.

Zhang said the anti-corruption centres have helped rein in corrupt government officials, especially those who were abusing their power to resell at a profit raw materials which are in short supply.

He said these centres have aroused people's enthusiasm against government corruption and built a close relationship between the people and the procuratorates.

Anti-corruption centres also have deterred criminals. In the past three months, some 131 criminals have surrendered themselves to the procuratorates, Zhang said.

Nationwide Drive on To Screen New Companies
OW1910171588 Beijing XINHUA in English
1452 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—A nationwide drive to screen new companies, set in motion by a joint decision made by the Communist Party Central Committee and the State Council October 3, is going ahead.

The drive mainly covers those firms set up since 1976.

Screening in northeast China's Jilin Province found that 2,861 of its 6,417 companies have been founded since 1987 and 774 are run by party and government institutions.

With their administrative connections, some of the companies are found to have been engaging in profiting illegally from resale of commodities in short supply or important means of production. The campaign is aimed at making business firms into purely economic entities.

Investigations indicate that 213 party and government organs and mass organizations collect commissions from profits earned by companies affiliated to them.

Problems in Jilin also exist, in varying degrees, with other localities. The existence and development of the problems, as the October 3 decision points out, "damage the interests of the state and people, give rise to unfair distribution, disrupt the economic order and cause the social morality to degenerate."

"They have seriously hampered the current reforms," the decision said.

To date, 53 officials in Jilin have resigned their company posts, 107 companies have cut their ties with party and government organs, and eight companies have had their business licences revoked.

In east China's Jiangsu Province, party and government organs are urged to conduct self-examination which is combined with screening by special task forces.

Teams sent by the Jiangsu provincial and Nanjing City administrations of industry and commerce have conducted checks on 108 companies attached to provincial party and government institutions, the "PEOPLE'S DAILY" reported today.

In the last four months, it said, they have completed investigations of 15 companies, which have had 1.168 million yuan in illegal earnings confiscated and been fined 40,000 yuan.

Among them, three have been ordered to suspend their business and another three have had their licences revoked.

Meanwhile, the Chengdu Administration of Industry and Commerce has decided to confiscate all the 3.25 million yuan in illegal gains made by the capital construction section of the Sichuan Provincial Department of Commerce, according to the Communist Party paper.

Without permission, the section resold from 1984 to 1987 some 8,809 tons of rolled steel, 3,666 tons of cement and other building materials at prices much higher than the state-set ones.

The administration has ordered the section to turn over all its illicit money before the end of November, and now the section's two million yuan in bank assets have been frozen, the paper said.

Another large-scale profiteering case involving officials has been uncovered in the Inner Mongolia Autonomous Region, XINHUA learned.

According to the region's Administration of Industry and Commerce, from 1985 to 1987 Chifeng City's Metals Company illegally resold a large amount of steel, aluminum ingot molds and motor vehicles, and earned 1.06 million yuan in profits.

The regional administration has decided to confiscate 675,340 yuan in illegal earnings, and fine the company 50,000 yuan. In addition, Manager Guo Hongyuan has been fined 1,000 yuan.

It has proposed that the company's manager and deputy manager be given disciplinary punishment.

Official Discusses Facing Rural Reform 'Crisis'
*HK2010060988 Beijing NONGMIN RIBAO in Chinese
6 Oct 88 p 4*

[Interview with Comrade Huang Daoxia of the Rural Policy Research Center of the CPC Central Committee by NONGMIN RIBAO reporter Meng Jun (1322 6511): "Is China's Rural Reform Facing A Crisis?"]

[Text] Our country's reform has entered the crucial stage.

As a component part of overall reform, our country's rural reform has made no progress in 3 successive years; it has slipped down from the high tide of 1985 to a low tide. Whether the present difficulties in rural reform can be overcome or not will have an important bearing on the success or failure of the entire rural reform of our country.

Some people are very worried about the situation and believe that our rural reform being at a crucial stage at present means it is facing a serious crisis. These people believe that soaring inflation, the lack of reserve strength in our country's agricultural production, the decrease in grain output, serious corruption among some cadres and government institutions, the malpractices among some party members, and some decadent and corrupt phenomena in society are the manifestations of serious setbacks in our country's reform; they have thrown our country into a blind alley.

Some people ask: Why should we still think that "our country's reform has entered the crucial stage" since the decade-long reform has brought about fundamental changes in rural areas and has not only basically solved the problem of food and clothing for one billion people and increased the income of the peasants, but also greatly pushed forward China's economic development? Isn't this alarmist talk?

How should we appraise rural reform and view the idea that our country's reform has entered the crucial stage? The broad masses of our readers are very eager to know

the answer to this question. In order to find the answer, Meng Jun, our NONGMIN RIBAO reporter, interviewed Comrade Huang Daoxia of the Rural Policy Research Center of the CPC Central Committee. The following is a dialogue between our NONGMIN RIBAO reporter Meng Jun and Comrade Huang Daoxia:

Question: Some people hold that the various types of reforms implemented in rural areas have produced some "aftermaths" and undesirable results. These people have come to the conclusion that rural reform is now facing a crisis. Is the actual situation really like these people have talked about?

Answer: The conclusion reached by these people is an incorrect one. So far, there has been no crisis in our country's reform. Facts have shown that over the past decade, rural reform has successfully made three major achievements: First, we have implemented the contracted responsibility system with remuneration linked to output, delegated the operation power to the peasants, and turned the peasant households into the principal body carrying out independent accounting in the development of the commodity production; second, we have readjusted the rural production structure and promoted the development of the diversified economy and the development of various nonagricultural production. The rapid development of rural industry and the town and township enterprises is the most creative practice signifying a change-over from the traditional structure to the development of modernization; third, we have carried out the reform of the system of unified purchase and distribution and have substituted the system of unified purchase and distribution with contract purchase and market trade. Now the market mechanism and the law of value have become the key force in mobilizing the enthusiasm of the broad masses of the peasants in rural areas. All these three steps are the major reform measures which have successfully stood the test of practice and have won the acclaim of the broad masses of the peasants. At present, the peasants in the rural areas are going all out to stick to, perfect, and further develop these three major reform measures. We should not regard the measures taken to perfect and further develop the three major reform measures as measures aimed at "eliminating the aftermaths" and "changing into the opposite" nor should we regard some individual measures taken by some individual localities in this regard as such. For example, some localities have carried out some experiments and explorations with a view to defining a proper scope for their economic operation; some localities have regarded the contract purchase of grain as the "task given by the state;" some have readjusted the product mix of a certain town or township enterprise and put a certain town or township enterprise under the direct administration of a certain department of the local government. All these practices should in no way be regarded as measures aimed at "eliminating the aftermaths" and "changing into the opposite." We should on no account indiscriminately regard the new changes and new problems that have emerged in the process of our

reform or have emerged along with the development of our reform and the development of the entire national situation of our country as the "aftermaths" of rural reform or as a "crisis".

Question: It is obvious to all that the first step of our country's rural reform was rather successful, for it brought good harvests several years running. However, since 1985, our country's agricultural production has suddenly slipped from a high to low tide; an unpleasant momentum which continues up to the present. Does this situation mean that China's agricultural production has been facing a "crisis" during this period?

Answer: It is unrealistic and incorrect to regard the changes in our country's rural reform, such as, the continuous drop in our country's grain output over the past 3 years as a result of the changes in the entire situation since 1985, as a sign that our country's rural reform "has entered a blind alley," "is being hindered," and "is facing a crisis." As a matter of fact, on the contrary, such changes are the result of the development and success of our country's reform. Our country's reform was first started in the rural areas. Being at the forefront of reform, the rural areas were once the focus of the entire reform of the economic structure. After the "Decision of the CPC Central Committee on the Reform of the Economic Structure" was promulgated, the focus of the entire reform of the economic structure was shifted from the rural to urban areas. As a result, rural reform lost its "leading position" in the entire reform of the economic structure. Agriculture is a component part of our entire national economy. It is true that our country's reform was first started in the rural areas and has yielded great successes. However, this in no way means that agriculture could independently accomplish the task of the reform of the entire economic structure without the assistance of various other reforms carried out or to be carried out in the entire national economy. Although it could independently accomplish the task of the reform of the microeconomic mechanism of the economic structure, agriculture could not independently accomplish the task of the reform of the macroeconomic mechanism without the assistance of various other reforms carried out or to be carried out in the entire national economy. The traditional relations between the urban and rural areas, such as the production relations between them, the exchange relations, the distribution relations, and some other types of relations, are all based on the pattern of the urban areas leading and guiding the rural areas and the urban areas making decisions for them. Such a traditional pattern has determined that the development of our country's rural reform will be based on the development of our country's urban reform in the course of the reform of the relations between the urban and rural areas. In the nationwide price reform which was carried out in 1985, the specific contents of price reform carried out in the urban areas resembled the specific contents of the price reform carried out in the rural areas in one way or another. After 1986, the focus

of urban reform was shifted to the reform of the enterprise operation mechanism. As a result, the specific contents began to differ from those of rural reform. It can be said that the direction of the reform of the rural operation mechanism differed from the direction of the urban enterprise operation mechanism at the very beginning. Over the past 3 years or so, as far as the overall situation of our country is concerned, the relations between the urban and rural reform have been strengthened. However, as far as the specific situation is concerned, rural reform has been a bit out of line with urban reform. This is because during this period, the rural areas did not passively wait for the urban areas to start some of the reforms, but initiated some of the reforms by themselves by making their own reform plans in the light of their realities and achieved some noteworthy results. Now, the entire situation of our country is undergoing great changes. The urban and rural reforms of our country are expected to make new breakthroughs very soon. We are again facing an important transition. The above review of the history of our country's reform clearly shows that the development of the rural reform from the high tide to the low tide and again from the low tide to the high tide is the natural result of the development of the objective situation of our country; our country's reform is not "facing any crisis" at all.

Question: Since you think that our country's reform is not "facing any crisis," how do you explain the phenomena of soaring inflation, lack of reserve strength in agricultural production, the fluctuation and subsequent decrease in grain output, difficulties in controlling supply and demand, malpractices in society, and so on? Why do you think that our country's reform has entered the crucial stage?

Answer: That we deny that our country's reform is "facing a crisis" does not mean that our country's reform is not facing some new situations, including some new difficulties and risks. It is the emergence of these new situations and new difficulties that has pushed our country's reform into its crucial stage.

In my view, we should try to understand the view that our country's reform has entered the crucial stage in the following ways:

(1) Soaring inflation shows that our country's reform has entered the crucial stage.

Since 1985, soaring inflation has become the most outstanding problem in our country. It has seriously retarded the progress of reform, adversely affected the development of our national economy and the livelihood of our people, and has become the biggest threat to the security and stability of our country.

(2) The lack of reserve strength in our country's agricultural development shows that our country's reform has entered the crucial stage.

After our country achieved a record high grain output in 1984, output fluctuated for 3 successive years due to the lack of reserve strength in agricultural development. Therefore, greater efforts must be made to raise the standard of our country's agricultural productive forces to a new and higher level. The standard of our country's present agricultural productive forces is too low: First, labor productivity is low. The number of people supported by one rural laborer is only around one twentieth of that of the United States, West Germany, and some other agriculturally developed countries; second, land productivity is low. The per unit area yield of wheat and maize is only half of that of the agriculturally developed countries. Therefore, efforts should be made to increase the agricultural productive forces by increasing agricultural input, raising the prices of farm products, readjusting the structure of agricultural production, and popularizing the use of advanced technology. However, the smooth implementation of these measures will ultimately depend on the establishment of a new and comprehensive agricultural structure with greater vitality. The decade-long reform has brought about enormous changes in the rural areas of our country, but we have not yet established a new and comprehensive agricultural structure with greater vitality. If we say that such a new and comprehensive agricultural structure with greater vitality consists of a production and operation mechanism, public service mechanism, and government regulation and control [tiao kong 6148 2235] mechanism, then we can only say that we have accomplished the reform of the production and operation mechanism. So, there is still a long way to go in order to establish a new and comprehensive agricultural structure with greater vitality. In order to speed up the establishment of this new and comprehensive structure, we should redouble efforts to carry out the in-depth reform of the regulation and control mechanism, including the mechanism for regulating and controlling the prices of farm products, land, market growth and market rules, supply of the means of agricultural production, finance, taxation, and so on.

(3) The urgent need to establish a commodity economic order shows that our country's reform has entered the crucial stage.

At present, corruption in the "official circles," malpractices and disturbances in society, disproportionate economic relations, and abnormal and irresponsible economic behavior have made people feel strongly that our society is in great disorder. Just like soaring prices and inflation, these abnormal social phenomena are now threatening the future and entire process of our country's economic reform and economic development and have caused grave concern among the people. Such social "disorder" has been caused by a variety of complex factors, such as the outdated traditional culture of our country and the ignorance stemming from a culture which has a history of several thousand years and the malpractices which prevailed in our country during the

period of "The Cultural Revolution;" such social "disorder" has also been caused by the fact that everyone in society is trying to find a way out for himself in the new situation of reform and opening up to the outside world; such social "disorder" has also been caused by the lack of a common outlook on value among the people in the course of the drastic ideological and social changes; finally, such social "disorder" has been caused by the lack of a powerful legal system and some other relevant systems in our country.

Question: The above mentioned problems are getting increasingly serious and have seriously hampered our country's reform process and harmed the interests of the broad masses of working people. How should China tackle these problems during the "crucial stage" of her reform and will China run any risks in tackling these "outstanding problems"?

Answer: In the final analysis, China must concentrate her efforts on transforming her traditionally over-centralized planned economic structure into a new market economic structure under the regulation and control of the socialist state (the core of such a new market economic structure under the regulation and control of the socialist state is the combination of public ownership with the market). China should not stagnate too long in the double-track economic structure or the dual economic structure, which is in nature an intermediate or transitional economic structure characterized by the "organic combination between state plan and market." In order to speed up such a transformation, we must make strenuous efforts to overcome all the above mentioned problems and make unwavering efforts to carry out price reform. Without price reform and relaxation of control over prices, there would be no market structure. We should unwaveringly make greater efforts to establish a new commodity economic order and standard in the political, economic, and social spheres, especially a new market order; a new enterprise order and a new production and operation order of the economic entities; a new order of macroeconomic regulation and control; a new order of social services, social life, rights and duties; a new order of the labor and wage system; and some other types of new orders so as to accelerate the transformation from the old into the new economic structure. It is undeniable that China will run some risks in making these endeavors. However, we have gained rich practical experience in our reform over the past 10 years. The achievements we have made have greatly enhanced the Chinese people's confidence in the success of future reform. The Chinese people's standard of living has been greatly improved during the process of our reform over the past 10 years. This is a fact which will further strengthen the Chinese people's capacity to withstand the strains of future reform. Now the majority of the people of our country agree that reform must be carried out through to the end. All these factors are the conditions for successful reform. Our reform is imbued with hope. Therefore, it is a crucial time for us to boldly tackle some of the outstanding problems that have emerged in the process of our reform.

Circular on Cooperation for Taxation Inspection
OW2010033588 Beijing XINHUA Domestic Service
in Chinese 0729 18 Oct 88

[Text] Beijing, 18 Oct (XINHUA)—The central Discipline Inspection Commission issued a circular yesterday calling for cooperation with departments concerned in successfully fulfilling the task of taxation, financial affairs, and commodity price inspection. The circular calls for Discipline Inspection Committees at all levels to actively coordinate and strongly support the taxation, financial affairs, and commodity price inspection.

The circular which the central Discipline Inspection Commission issued to all provincial, autonomous regional, and municipal Discipline Inspection Committees, the work committees of organs directly under the CPC Central Committee and the Discipline Inspection Committee of state organs says: The State Council recently issued the "Circular on the 1988 Taxation, Financial Affairs, and Commodity Price Inspection," and decided to start the inspection across the country in October 1988. This is an important measure to guarantee the smooth implementation of the policy decisions of the 3d Plenary Session of the 13th CPC Central Committee on improving the economic environment, straightening up the economic order, and deepening the reform and to strengthen discipline for the strict enforcement of orders and prohibitions. Discipline Inspection Committees at all levels must actively coordinate with, and strongly support, the inspection. If important cases are discovered in the course of inspection, all Discipline Inspection Committees must cooperate with departments concerned, eliminate obstacles, conscientiously investigating and seriously handling them.

The circular calls for all provincial, autonomous regional, and municipal discipline inspection committees to report to the central Discipline Inspection Committee in good time the work in the inspection and the important questions discovered.

Environmental Committee Circular on Pollution
OW1710091888 Beijing XINHUA Domestic Service
in Chinese 0059 GMT 16 Oct 88

[Text] Beijing, 16 Oct (XINHUA)—The Environmental Protection Committee of the State Council recently announced its "Decision Regarding the Prevention of Pollution by Smoke and Dust in 32 Key Cities" and issued a relevant circular. The circular stated: The serious pollution of the atmosphere is of universal concern and the prevention of smoke and dust pollution is one of the urgent means of controlling air pollution. It has now been decided to begin this undertaking in 32 key cities. These 32 key cities are central to politics, sciences and technologies, culture and education, and tourism in China. Starting the prevention of smoke and dust pollution in these key cities has important significance.

The 32 key cities listed by the Environmental Protection Committee of the State Council for the prevention of smoke and dust pollution are: Shanghai, Hangzhou, Suzhou, Kunming, Guangzhou, Nanning, Haikou, Nanjing, Wuhan, Chengdu, Changsha, Guilin, Guiyang, Nanchang, Fuzhou, Hefei, Beijing, Tianjin, Dalian, Harbin, Changchun, Zhengzhou, Yinchuan, Xining, Xian, Shenyang, Urumqi, Taiyuan, Jinan, Shijiazhuang, Lanzhou, and Hohhot. The Environmental Protection Committee of the State Council has divided the above-mentioned cities into five categories, and stipulated the specific targets in the prevention of smoke and dust pollution these cities are to attain.

The decision of the Environmental Protection Committee of the State Council stipulated: People's governments of all key cities must conscientiously organize and draw up plans for the prevention of smoke and dust pollution in accordance with their stipulated targets. They must integrate the requirements of different-function districts in their cities, work out for pertinent departments and units the measures for prevention of smoke and dust pollution and the amount of smoke and dust they can discharge. They must include these in their overall urban planning, annual planning for economic and social development, and the various trades plans. They must regard the prevention of smoke and dust pollution as an important part of the government's actual work done each year for the people, and ensure that arrangements and inspections are carried out to produce results.

The decision pointed out: Industrial and mining enterprises located in key cities must attain by 1990 smoke and dust emission standards set by the state or localities. Strict requirements must be made on enterprises that are located in city residential, cultural, educational, tourist, and commercial districts.

The decision pointed out: The use of moulded coal [xing mei 0992 3561] is important in preventing smoke and dust pollution. It is also an effective way to economize the use of coal. The people's governments of key cities must carry out well the propaganda, organization, and promotion work for moulded coal. They must also earnestly implement the policy of giving priority to supplying low-sulphur, low-volatility, and high temperature producing coal to the people. Machinery industry departments must organize themselves to produce new boilers that are standardized, produce heat more effectively, and discharge less smoke and dust. They must also produce accessories for eliminating dust emission, earnestly study and develop new products that discharge less pollutants, and collaborate with relevant departments to carry out introduction work. They must eliminate, within a definite period, boilers that cause serious pollution and produce heat ineffectively, and accelerate the replacement of old boilers with new ones. Industrial zones and residential districts under construction should jointly produce heat and electricity or centralize their boiler rooms to institute central heating, and must not construct separate boilers for heating. As for existing

residential districts and industrial zones, they must integrate urban construction with technical upgrading in order to accelerate the pace towards central heating, and replace scattered heating boilers.

The decision stipulated that environmental protection bureaus of key cities should improve their supervision of the prevention and control of smoke and dust. Units and individuals that fail to meet the requirements for the control of smoke and dust within a definite period and violate relevant stipulations must be individually warned, have a notice of criticism circulated, have their levies for emitting pollutants increased, be fined, and have their boilers decommissioned in accordance with relevant environmental protection laws and regulations of the state and localities, and in accordance with the seriousness of each case.

Democratic League Elects Central Committee
*OW 2010105388 Beijing XINHUA Domestic Service
in Chinese 1349 GMT 16 Oct 88*

[Text] Beijing, 16 Oct (XINHUA)—The Sixth National Congress of the China Democratic League elected the Sixth Central Committee of the China Democratic League in an election with more candidates than posts. The namelist of members and alternate members of the Central Committee is as follows:

Members of the Central Committee (250)

(in the order of number of strokes in their family names)

Ding Cong [0002 5115], Ding Shisun [0002 4258 1327], Ding Rushou [0002 3067 4849], Qian Jiaju, Ma Ning (female) [7456 1337], Ma Dayou, Ma Kelie [7456 0344 3525], Ma Shaonian [7456 4801 0341], Ma Jiming [7456 1015 6900], Ma Meisun [7456 2734 5549], Kong Lingren (female) [1313 0109 0088], Wang Jian (Beijing) [3769 0256], Wang Jian (Hebei) [3769 0256], Wang Ying [3769 4481], Wang Yao [3769 3852], Wang Wenyi [3769 2429 5030], Wang Danfeng (female) [3769 0030 7685], Wang Shirui [3769 0013 6904], Wang Yuzhu [3769 3768 2691], Wang Shougen [3769 1343 2704], Wang Qidong [3769 0796 2639], Wang Qihong [3769 0796 1347], Wang Jinling [3769 6855 7117], Wang Zudan [3769 4371 2481], Wang Zhenhua [3769 2182 5478], Wang Tieya [3769 6993 1509], Wang Juzhen (female) [3769 5468 3791], Wang Demao [3769 1795 2021], Deng Wenzhi [6772 2429 6347], Feng Zhijun, Feng Yidai [7458 0076 0108], Feng Kexi [7458 0344 3556], Feng Zhongyun (female), Feng Helin [7458 7729 2651], Lu Leshan (female), Tian Zhiwei, Ye Shengfa [0673 3932 4099], Ye Junjian, Ye Duyi, Ye duzhuang, Ye Peida, Bao Shuhc (female), Gan Zhongrong (female) [3927 1350 1369], Sun Xun [1327 6676], Sun Chengzeng [1327 1004 2582], Xu Jiefu [6079 2638 1133], Xu Shangxian [6079 1424 6343], Ren Jiangping [0117 3068 1627], Jiang Jingbo [3068 2529 3134], Zhu Weiyong [2612 0251 0516], Zhu Xuanren [2612 1357 0086], Zhu Zhenzhong [2612 2182 0022], Zhu Dexi, Zhuang Mingli

[5445 2494 3810], Wu Chundao [0124 4783 6670], Wu Junsheng [0124 0193 3932], Chi Jishang (female) [3069 7139 1424], Kang Tiebao [0121 6993 0202], Yang Hanxi [7122 0698 3556], Liu Zhong [0491 1813], Liu Ye [0491 8518], Liu Ruqi [0491 1172 3823], Liu Kejing (female), Liu Yanliang [0491 1693 5328], Liu Peiying (female) [0491 0160 5391], Liu Shibai [0491 6108 4101], Liu Wuyang [0491 2976 2254], Liu Zude [0491 4371 1795], Liu Lingcheng [0491 7117 1004], Liu Dehai [0491 1795 3189], Guan Shixiong, Guan Mengjue, Ruan Pu [7086 3877], Wu Cangping, Li Ou [2621 2962], Li Shu [2621 1659], Li Chuanfang [2621 0278 5364], Li Xihong [2621 1585 4540], Li Qirui [2621 1142 3843], Li Shuyuan, Li Shunan, Li Zenglin [2621 1073 2651], Li Deming, Li WeiXuan [2621 1983 5503], Shen Jin [3088 2516], Wu Congfang [0702 1783 2658], Wu Hanjia [0702 0698 1367], Wu Ruzhou [0702 3067 5297], Wu Keqing [0702 0344 3237], Wu Zuoren [0702 0155 0086], Wu Xiuping [0702 0208 1627], Wu Jiansheng [0702 0256 3932], Wu Fuheng [0702 1381 1854], Wang Yicheng [3076 5030 6134], Du Shiduo [2629 1102 6995], Du Xiyu [2629 6932 6877], Chen Xinming, Chen Baixi [7115 4101 1585], Chen Yaoguang [7115 1031 0342], Chen Zhongyan [7115 0112 6056], Chen Huaxiao [7115 2037 1321], Chen Qichang [7115 0366 2490], Chen Shaofan [7115 4801 5603], Chen Guizun, Chen Zhongying [7115 6988 5391] (female), Chen Shuzhen [7115 3219 3791] (female), Chen Changming [7115 1603 6900], Chen Yude [7115 5940 1795], Chen Xinmin, Chen Yaoting [7115 5069 1656], Yu Jianzhang [0151 1696 4545], Yu Xuying [0151 4872 4964], Yang Feng, Yang Ming, Yang Huai [2799 2849], Yang Yuzan [2799 3768 3895], Yang Zhiyi [2799 1807 0001], Yang Chunlin [2799 2504 7207], Yang Kuizhang, Yang Weijun, Yang Minru [2799 2404 1172] (female), Zhang Shixun [1728 1102 8113], Zhang Renjun [1728 0088 0193], Zhang Bilai, Zhang Jiuyi, Zhang Zhilian, Zhang Runsheng [1728 7032 3932] (female), Zhang Zhixiong [1728 1807 7160], Zhang Yuanmou, Zhang Guohui [1728 0948 6540], Zhang Shuzhen [1728 2885 2830] (female), Zhang Chukun, Zhang Yumao [1728 3022 5399], Zhang Yude [1728 3022 1795], Zhang Jingren [1728 6975 0086], Yue Shucang [1471 2579 0221], Shang Ding [1424 0002], Fan Zeng [5400 1073], Fan Lian, Luo Xiaowei [5012 1420 2607] (female), Luo Ganying [5012 1626 5391], Luo Hanxian, Jin Ruonian [6855 5387 1628], Jin Minzhi [6855 2404 0037], Lin Gan [2651 1626], Lin Ying, Lin Jinning, Lin Zongcai, Lin Xianzhang [2651 2009 4545], Zhou Yongkang, Zhou Zhishi [0719 5347 4258], Zhou Boxun [0719 0130 1088], Zhou Weixun [0719 4850 6598], Zhou Hanru [0719 3466 0320], Yun Yanshi [1926 1693 0013], Fei Xiaotong, Xiang Guobo [7309 0948 3134], Yu Yuangui [0358 0337 2710], Yu Zeyou, Yu Weile [0358 1919 2867] (female), Hong Ying [3163 4134] (female), Hong Bokeng, Hong Zhenhuan [3163 7201 1403], Yao Zifan [1202 1311 5400], Hou Qixin [0186 2630 2450], Hu Kai [5170 2818] (female), Hu Zhengguang [5170 2398 0342], Hu Zhangrui [5170 4545 3843], Zhao Jing [6392 7231], Zhao Yiming, Zhao Chengjin [6392 0701 2651], Zhao Xiufu, Zhao Yanyi [6392 3601 5065], Zhu Rufang (female), Sang Guoguang

[2718 0948 0342], Weng Shuguan, Yin Chujing [3009 2806 4842], Tang Zhengkun [0781 2973 0981], Tang Kemei [0781 0344 5019] (female), Gao Shan [7559 1427], Gao Tian, Gao Liangrun [7559 5328 3387], Gao Guotai [7559 0948 3141], Gao Xiangyu [7599 1651 3768] (female), Gao Xiaoyu [7559 2556 1342], Gao Jingde, Gao Shezhou [7559 2378 3166] (female), Gao Qingzhou, Du Benjie, Nie Weiping, Guo Youzhong [6753 0645 0022], Guo Zhenzhong [6753 2182 0022], Guo Lurong [6753 1462 1369] (female), Xu Peng, Xu Yian [1776 0076 1344], Xu Qixiong [1776 0796 7160], Xu Jizi [1776 1323 1311], Xu Siyi [1776 1835 4135], Xu Jingxing, Tao Dayong, Tao Jianhua [7118 1696 5478] (female), Qian Weichang, Tan Jiazen, Yuan Dezheng [5913 1795 2398], Ni Baoshan, Qi Min [2058 3046], Sheng Zhongguo [4141 0022 0948], Sheng Jialian [4141 1367 5328], Kang Zhenhuang [1660 2182 7806], Xiao Qian [5618 6051], Xiao Yongzhuang [5618 1066 1104], Cao Zengzhu [2580 2582 4376], Cao Weinong [2580 1983 5693], Liang Zhuang [2733 8369], Liang Tingfu [2733 1694 6866], Liang Hongfei [273 7703 7378], Liang Chaoran [2733 7703 7378] Huang Shihua [7806 0013 5478], Huang Maofu [7806 0013 5478], Huang Jingjun [7806 2529 6874], Ji Ruyuan [1518 3067 6663], Qiang E [1730 6948], Lu Chengzong [6727 2110 1350], Fu Shiyi [0265 0013 5391], Fu Xianluo [0265 0103 5013], Fu Yupu [0265 3768 2528], Han Dajian [7281 1129 2976] (female), Han Yizhi [7281 3015 0037], Xie Youqing [6200 0147 0615], Xie Songkai, Cheng Shuwu [4453 6615 1976], Peng Shaoyi [1756 1421 6654], Zeng Xiaozhen [2582 1321 4631], Zeng Chengkui, Jiang Shunan [5592 2579 2809], Jiang Funan [5592 7079 0589], Jing Jichao [2417 1322 6389], Zhan Bohui [6124 0130 1979], Lei Shimao [7191 0013 2021], Lei Hengshun [7191 0077 7311], Xiong Quanmei [3574 0356 3105] (female), Cai Yinian [5591 7328 1628], Huo Yazhen [7022 0068 6297] (female), Xue Chengze [5641 3397 3419], Dai Zhizhong [2071 1013 002], Dai Shuhe, Dai Ailian (female), Wei Zhiwang [7614 5267 2489], Ouyang Renrong [2962 7122 0088 2837], and Duanmu Zheng.

Alternate members of the Central Committee (50) (listed in the order of number of ballots received):

Cheng Weicai [2110 1983 2088], Liu Yuting [0491 3768 0080], Chen Shaobao [7115 4801 1405], Wang Fengcai [3769 0023 2088], Zheng Zegen [6774 3419 2704], Zhou Dexian [0719 1795 6343] (female), Yang Hengshun [2254 1854 7311], Zhang Fuying [1728 1788 4134], Shen Shumin [3088 2885 3046], Lu Cuixue [5684 5050 7185] (female), Wang Yi [3769 5030], Feng Qi [7458 7871], Li Naiqiong [2621 0035 8825] (female), Zheng Guodong [6774 0948 2467], Yu Zhaoguang [0151 0340 1639], Liang Nengren [2733 5174 0088], Wen Lizhong [3306 7787 0022] (female), Yang Tianyu [2254 1131 1342], Zhang Quanhua [1728 0356 5478], Liang Xiongjian [2733 7160 0256], Yang Yongyuan [2799 3057 3220], Zheng Cheng [6774 3397], Zhou Yixing [0719 1335 5281], Ding Chuan [0002 1557], Li Jiazeng [2621 0857 2582], Li Zengxi [2621 1073 2522], Lu Jingguang [4151 5464 0342], Lu Xiuzhong [0712 4423 0022] (female),

Xiang Jianping [7309 0494 5493] (female), Tan Zhilie [6223 2482 3525], Zheng Yuzhi [6774 3022 5347] (female), Zhang Zuogong [1728 0155 0501], Zhang Chunming [1728 2504 1337], He Shaowen [6320 4801 2429], Lu Shuiyan [7120 3219 5695] (female), Zhou Hengnan [0719 5899 0589], You Qingquan [3266 3237 3123], Gao Xiang [759 5046] (female), Ni Yingwen [0242 2503 2409], Fan Yuguo [2868 3768 0948], Gan Huili [3729 1863 3810], Liu Yixun [0491 5030 1789], Wan Yiyi [8001 0001 5391] (female), Jiang Yimu [5592 1138 3668], Wang Liwen [3769 1138 3668] (female), Wang Zhenyuan [3769 7201 3293], Gao Decheng [7559 1795 1004], Ding Jie [0002 3381] (female), Jin Huixuan [6855 1797 4821] (female), and Ma Lili [7456 5461 5461] (female).

CPPCC Nationalities Committee Holds First Meeting
*OW1910062888 Beijing XINHUA Domestic Service
in Chinese 0827 GMT 18 Oct 88*

[By reporter Ge Lai]

[Text] Beijing, 18 Oct (XINHUA)—The CPPCC National Committee Nationalities Committee held its first plenary meeting in Beijing this morning. In accordance with the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the guidelines of the 3d Session of the 7th CPPCC National Committee, the meeting discussed the situation of the implementation of the National Regional Autonomy Law and studied how to promote the activities of the Nationalities Committee.

Yang Jingren, vice chairman of the CPPCC National Committee and chairman of the CPPCC National Committee Nationalities Committee, addressed the meeting. He said: It is the basic principle of the nationalities work of the party and the state to uphold the unification of the motherland, adhere to equality among all nationalities, and promote unity and common prosperity among all nationalities. This is also the basic principle of the CPPCC National Committee Nationalities Committee.

Responsible persons from the State Nationalities Affairs Commission departments concerned briefed the meeting on the economy and education situations in China's minority nationality regions. Ismail Amat, vice chairman of the CPPCC National Committee, minister in charge of the State Nationalities Affairs Commission, and vice chairman of the CPPCC National Committee Nationalities Committee, presided over the meeting.

Three Gorges Demonstrative Work Completed
*HK2010010688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1015 GMT 19 Oct 88*

[Report by reporter Wei Lin (7279 2651): "Demonstration of Three Gorges Project Has Basically Been Completed"]

[Text] Beijing, 19 Oct (ZHONGGUO XINWEN SHE)—Will the Three Gorges project be built? Will it be built in the immediate future or at a later date? The last special

demonstrative report on this issue—a comprehensive economic assessment—was examined and approved by an expert team yesterday.

To date, all demonstrative work on various special topics of the Three Gorges project has basically been completed by 14 expert teams, namely, geology and earthquakes; key buildings; hydrology; flood prevention; silt; shipping; power system; mechanical and electrical equipment; transmigration; ecology and environment; comprehensive planning and water level; construction; investment estimates; and comprehensive economic assessment.

The report tends to hold that the Three Gorges project is a rare, key water conservancy project with an enormous comprehensive effect in flood prevention, power generation, and shipping. According to economic analyses and calculations, the construction of the three gorges project is both rational and feasible. If the project is postponed, the state will have to pay a higher price.

An official of the office of the Three Gorges Project Demonstration Leading Group told reporters today that by the end of this year the Three Gorges Project Demonstration Leading Group will have made a final assessment of the various demonstrative reports. The results will be written into a feasibility study by the relevant departments and submitted to the State Council.

Intellectuals Alarmed by Film Series Clampdown
HK1710020988 Hong Kong SOUTH CHINA
MORNING POST in English 17 Oct 88 p 9

[By Lai Pui-yeo]

[Text] The suspension from public viewing of a highly controversial six-part television series, He Shang, after it was severely criticised by the conservatives, has alarmed intellectuals and prompted apprehension over a possible clampdown on cultural expression.

Last week, Vice-President Wang Zhen condemned He Shang as a "vilification" of Chinese culture and banned videotapes of the program from leaving the country.

The six-part documentary, which takes a critical look at Chinese civilization and puts much blame on the country itself for its decline, won nationwide acclaim and sparked a fierce debate. It was broadcast twice by the state-run Chinese Central Television (CCTV) this summer.

After banning overseas distribution of the series, Mr Wang, a close associate of senior leader Deng Xiaoping, also took the lead in discrediting the series at the closed session of a recent enlarged party Central Committee meeting.

In a speech to northwest Ningxia Province on September 27, the 80-year-old conservative leader described He Shang as having portrayed the Chinese people and their seat of civilization, the Yellow River Basin, as devoid of any merit.

He strongly denounced the program and those intellectuals involved in the project.

His remarks reflect extreme displeasure by the conservatives and have alarmed the intellectuals, many of whom had suffered in the backlash of successive political campaigns.

He Shang or River Elegy, mourns the decline of the Yellow River culture and suggests that the Chinese civilization should be revolutionised.

The critical program is the most daring attempt so far to clear the way for reform in the cultural and ideological fields and advocates further liberalization.

With the visual background of the great Yellow River flowing to the sea, the documentary condemns the narrow-minded conventions which had suffocated discovery of Chinese talents and prevented the country from being enriched by ideas from the outside world.

Scrutiny of ideology and Chinese culture have been conducted previously but very often resulted in power struggles in which hundreds and thousands of people were made scapegoats and penalising those who had a part in reforms.

The biggest political campaign against Western influences since the Cultural Revolution was conducted early last year with the drive against "bourgeois liberalization", which followed widespread student unrest in late 1986. The then party chief, Mr Hu Yaobang, had to step down and several prominent intellectuals, including Professor Fang Lizhi, and investigative journalist Liu Binyan, were expelled from the party for their outspokenness.

He Shang takes the lead in initiating a re-examination of Chinese civilization and is daring enough to challenge traditional beliefs and touched on many symbols such as the dragon and the Yellow River.

More importantly, He Shang has aroused considerable discussion among the public. While it is regarded as a kind of ideological campaign, the series differs from previous actions in that it began without direction from the top and focuses on issues rather than personalities.

But in addition to the recent harsh remarks made by Mr Wang Zhen, the coastal economic strategy, which the program advocates, is also facing criticism. Guangdong, which was the first province to be opened up, is now under fire from officials who claim that its prosperity is achieved at the expense of inland development.

Shenzhen Granted Province-Level Status
HK1910132588 Beijing CEI Database in English
19 Oct 88

[Text] Beijing (CEI)—The State Council recently granted the Shenzhen Special Economic Zone the right to enjoy the status of a province in economic planning.

Shenzhen is the eleventh city empowered with this right. The other ten are Shenyang and Dalian in Liaoning Province, Chongqing in Sichuan Province, Harbin in Heilongjiang Province, Qingdao in Shandong Province, Ningbo in Zhejiang Province, Xian in Shaanxi Province, Xiamen in Fujian Province, Wuhan in Hubei Province and Guangzhou in Guangdong Province.

Tian Jiyun Inspects Ningbo University Building
OW1910015288 Beijing XINHUA Domestic Service
in Chinese 1556 GMT 18 Oct 88

[By reporter Guo Shuochuan]

[Excerpts] Hangzhou, 18 Oct (XINHUA)—Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, inspected Ningbo University and cut the ribbon at a school building inauguration ceremony this morning.

The construction of Ningbo University started 3 years ago with funds donated by Mr Yue-kong Pao, chairman of the Worldwide Shipping Group and president of the (Kang-long) Airways of Hong Kong. At present, seven classroom and laboratory buildings and some auxiliary facilities have been completed. Since the school opened in 1986, it has successively started eight courses, including economics, law and foreign languages. While only 22 subjects were taught at the beginning, the school is teaching 220 subjects now. [passage omitted]

Tian Jinyun visited the classroom buildings and some auxiliary facilities in the company of Zhu Ziqiang, president of Ningbo University. Tian Jiyun said: "Ningbo people are born intelligent. With the advanced training and education offered by Ningbo University, they will become even more intelligent and capable. The school will greatly promote Ningbo's economic development." He also said: "Ningbo University should train qualified personnel not only for Ningbo, but also for China as a whole. I hope Ningbo University will become a first class school."

Vice Premier Tian Jiyun last night met with Mr Yue-kong Pao and his family, who returned to their native town Ningbo the fifth time. During the meeting, he said to Mr Pao: "You have shown so much concern for China's opening to the outside world and its reform and education. You have our respect." Mr Pao said: "This is my cherished desire. I hope I can do more for China." Present at the meeting were Zhejiang Governor Shen Zulun and deputy secretary of the Zhejiang Provincial CPC Committee Ge Hongsheng.

Base Constructed for Testing New Naval Weapons
OW2010121388 Beijing XINHUA in English
1045 GMT 20 Oct 88

[Text] Beijing, October 20 (XINHUA)—China has built a new base for comprehensive testing of its new naval weaponry.

According to today's "GUANGMING DAILY," the new testing ground can be used for conducting sea, underwater, land or air tests on a hundred models of naval strategic and conventional weapons and military electronics equipment.

Construction began in 1958, and since completion the base has carried out more than one thousand tests, and launched large numbers of strategic and tactical missiles.

It has also provided thousands of data and analysis reports for finalizing the design of a hundred of models of missiles, warships, underwater weapons, navigation equipment and military electronic equipment.

Advanced Airborne Radar Recently Developed
OW1810231988 Beijing XINHUA in English
1546 GMT 18 Oct 88

[Text] Beijing, October (XINHUA)—Chinese scientists recently developed an airborne radar which can draw fine maps of the geological structure under the covering of vegetation or thin soil and military facilities under common camouflage.

The synthetic aperture radar (SAR) developed by the electronic institute under the Chinese Academy of Sciences can operate at night as well as in all weathers, according to Professor Lu Baowei, member of the academy and head of the institute.

"The SAR, as a sophisticated radar system for environment and resources survey, has wide applications such as in surface structure mapping, engineering geology, mineral geology, lake ice mapping, border patrol and military mapping, and defensive strike direction," said Professor Lu.

The airborne radar which can work at different height transmits shortwave pulses through a narrow beam to the target area, explained Professor Lu. "Echoes of the pulse return to the antenna mounted on the aircraft, and the relative intensity of these echoes build up a complete image of the target on the film," he said.

Chinese relevant government departments have granted permission for the export of 20 million U.S. dollars-worth of the equipment, an informed source said.

Regularized Military Legislative System Begins
*HK1910061888 Hong Kong MING PAO in Chinese
15 Oct 88 p 8*

[Special dispatch from Beijing by special correspondent Lin Chung-hsing: "Regularization of Military Legislative System; Legal Bureau of Central Military Commission Starts Functioning"]

[Text] After resuming its military rank system, the Chinese Army has gradually institutionalized and regularized its military legislation. The newly established Legal Bureau of the Central Military Commission has started functioning.

This reporter learned from the armywide symposium on military legislation currently going on in Beijing that the Legal Bureau of the Military Commission had been set up last June with the approval of the Central Military Commission. It is an executive organ through which the Central Military Commission exercises leadership over the construction of the military legal system and a functional unit under which military legislation is put under management by specialized departments, which is directly professionally accountable for the Central Military Commission.

The main functions of the Legal Bureau are: to work out programs or plans for national defense legislation and military legislation as well; to examine the draft laws and regulations to be submitted by various military departments to the Central Military Commission; to help the Law Committee of the NPC Standing Committee and the Legislation Bureau under the State Council to coordinate work in both national defense and military legislation; to draft some important laws and regulations and inspect and supervise their enforcement; to sort out, collect, and compile military laws and regulations; to train military legal officers; to study theories on the military science of law and conduct academic exchanges; and to fulfill assignments from the Central Military Commission.

It has been reported that the Central Military Commission has also decided that all general headquarters and armed services have their own legal secretaries to take charge of legal administrative work and strengthen military legislative organs.

In recent years, there have been violations of law and disciplinary codes among many military cadres. Moreover, many are involved in economic criminal activities. Recently, Ning Yinghai, secretary-general of the Political Department of the Chengdu Military Region was expelled from the party and sentenced to 6 years and 6 months' imprisonment for corruption, speculation and profiteering, and dallying with women. Even the most senior military cadre of the CPC was sentenced to imprisonment in recent years.

In addition, in Hunan there was a case of reselling cars for profit with military participation; and in Chongqing a serious case of profiteering concerning raw silk was cracked down on in which military vehicles were used to transport goods, military officers and military warehouses were used to guard and store them. These cases will be handled in the recently launched general price survey.

A military source said: The Legal Bureau will enact laws to check the further occurrence of such phenomena.

It has been reported that in the last 3 months, the Legal Bureau has participated in the examination and study of 17 draft laws and regulations.

It has also studied the enactment of national defense and military laws and regulations for this century and worked out legislation plans for the near future.

Relocation, Renovation Project Plans Reported
*HK2010030088 Beijing CHINA DAILY in English
20 Oct 88 p 1*

[By staff reporter Liu Dizhong]

[Text] The central government is speeding up its strategic programme to relocate and renovate some, mainly military, enterprises in northwest and southwest China.

Despite its financial difficulties, the state has planned to earmark more than 2 billion yuan to move about 100 of the "third line" factories from their present inhibiting locations, usually mountainous areas, to nearby small or medium-sized cities or areas close to railway lines.

The first phase of the project is expected to be completed within the next two years, according to reliable military sources.

As early as the mid-1960s, under a strategy to guard against future war, China started many industrial enterprise projects vital to national economy and defence in inland areas including Sichuan, Guizhou, Yunnan, Gansu and four other provinces.

In the last 20 years, the State's total investment in "third line" work has amounted to more than 200 billion yuan (about \$52 billion). Over 1,000 key industrial enterprises and a large number of ordnance bases have been set up, accounting for 25 percent of the nation's total industrial output value.

The high-tech enterprises scattered throughout the northwest and southwest produce 75 percent of China's nuclear industry output capacity, 60 percent in aeronautics, 50 percent in space technology, 60 percent in electronics and 50 percent in armaments.

Not only have these projects strengthened defence capability, both conventional and nuclear, but they have also greatly narrowed the gap in modern industry with developed coastal provinces, known in the military as the "first line."

Many major developed countries, including the United States and Soviet Union, attach great importance to strategic distribution of their industries to reduce the potential impact of attacks by long-distance missiles and powerful nuclear weapons, said the sources.

However, China's "third line" is up against problems caused by sharp cuts in military spending, which made up 7.8 percent of the total national budget last year compared to 16.6 percent each year between 1950 and 1985.

Because of falling military orders, arms last year amounted to 9.3 percent of national production capacity and nuclear products less than 10 percent.

To adapt "third line" enterprises to the ongoing economic reform and facilitate the modernization programme, the state has decided to shift about one third of its ordnance enterprises over to civilian production; the other firms produce both military and civilian products.

The sources said military production would in future take place in various factories at limited but high-quality production levels entailing more research.

Economic and technological links with coastal provinces—which have more ties with the outside world—will be strengthened to help the renovation. And China's limited exports of military products is also aimed to aid the research and development in national defence, the source said.

Zhang Shuobao Discusses Controlling Inflation
OW1810225488 Beijing BEIJING REVIEW
in English 10-16 Oct 88 pp 15-17

[Article by Zhang Shuobao, associate professor of Fudan University: "Can China Control Inflation?"]

[Text] [Editor's note] Since inflation first emerged in 1985, it has become a major obstacle to deepening economic structural reform and a hot issue of debate throughout the country. The problem has worsened this year. Can China bring it under control? [end editor's note]

As China's economic reforms unfold and deepen, the mechanisms of the market gain in strength. Fluctuating prices become the guide for investment, production, and consumption. These positive changes both are welcome and signify that price and wage reform is now crucial to the further development of the overall reform programme.

However, one unwanted spectre haunts the changes: the inflation that has emerged since 1985.

From 1984-87, China's retail price index rose by an average of 7.4 percent annually. But in the first half of 1988, prices jumped 13-14 percent. This far exceeded the originally planned 6 percent limit, and comfortably outstripped the interest rate of bank savings, causing people to vie with each other in withdrawing their money. In August, the amount of currency in circulation reached 170 billion yuan, 40 percent greater than one year ago.

Inflation thus has become a major obstacle to deepening economic structural reform and a hot issue of debate throughout the country. So, can China adopt effective measures to bring it under control?

Reasons [subhead]

It has been calculated that only about one-third of this year's inflation has been caused by necessary price adjustments. The remaining two-thirds are the result of arbitrary price hikes. One of the aims of price reform is to allow commodities and labour to discover their real value. But, it is hard to attain this goal under the present inflationary conditions.

China's economists have not reached a consensus as to the underlying causes of the current bout of inflation. Most of them agree, however, that the sharp increases in both production costs and social demand have played a major role.

Over the past few years, the speed at which powers have been delegated downwards has been a bit too quick. As independent legal entities, enterprises now possess greater decisionmaking powers—including the power to set the price of some products. With the gradual deregulation of market prices of equipment and raw materials, costs have risen. These are absorbed into production costs, and eventually transferred on to consumers.

As production costs have risen over the last few years, funds for consumption have constantly swelled. Demand has far exceeded supply, and therefore prices have risen spontaneously.

It is reported that in 1984, the surplus purchasing power of the Chinese people was 197.4 billion yuan. By 1987, however, it had soared to 427 billion yuan. As a result, surplus purchasing power rose from 58.5 percent of the total volume of retail sales in 1984 to 73.4 percent in 1987, putting great pressure on the market.

Three other factors have also played their part in boosting China's inflation. First, having been starved of investment for many years, capital construction has over-reacted, going far beyond the possible supply of funds and goods.

For several years running, the government has called for cuts in capital construction investment to relieve the direct pressure on the market both for materials and equipment and the indirect pressure of an increased volume of wages.

But no substantial results have been achieved, mainly because the scale of extra-budgetary investment in capital construction (which is now bigger than the budgeted investment) cannot be curbed.

Second, some "vacuums" have emerged under the present "double-track" pricing system where state-set prices and free market prices exist side by side. As state administrative interference is gradually replaced, speculators are given an opportunity to make a killing.

The traditional regulators of the market—finance, banking, taxation, interest rates, and auditing—have not been well coordinated and so have failed to play their due role in regulating the national economy.

For instance, although inflation has existed for more than three years, the central bank only decided to raise interest rates to guarantee their value in September. Previously, negative interest rates had made both individuals and enterprises exchange saving for panic buying. At the same time, severe punishments have not been imposed on those who took the opportunity of reform to engage in speculation, hoarding and tax evasion.

Third, the purchasing power of government institutions and public organizations has kept swelling over the past few years, far exceeding the budgeted target of 50 billion yuan annually.

Prospects [subhead]

China's current inflation is related to the high speed growth of the national economy. I think it is possible to bring economic development back into its normal orbit with correct macroeconomic policies and state administrative interference. The process will take at least three to five years, as it would be harmful to attempt a sudden reversal. In macroeconomic terms, to complete China's comprehensive reform programme centred on price and wage reform and thus fundamentally eliminate inflation is an arduous task. But, there are reasons to believe it will be successful.

Over the past few years, China's economy has been revitalized, laying favourable material foundations for overcoming all difficulties. In real terms, China's gross national product (GNP) in 1985 had risen 13 percent over the previous year. This was followed by a further rise of 8.3 percent in 1986, and 9.4 percent in 1987. The first half of 1988 saw continuous growth.

Overall, the GNP growth rate for the past three years has exceeded the annual inflation rate, duplicating a trend experienced by many developing countries undergoing a rapid expansion of their economy.

According to the World Bank, from 1973-85, the average annual inflation rate for 36 low-income countries was 5.9 percent, for 40 middle income countries, it was 20.6 percent, for five high income oil exporting countries it was 11.8 percent; and for 19 market economy industrialized countries it was 7.9 percent.

As a developing, low-income socialist country, it should be considered normal for China to have an annual inflation rate of 7.4 percent coupled with an annual economic growth rate of around 10 percent.

The problem is that since the beginning of this year inflation has risen too fast. If no effective economic and administrative measures are adopted, it will run out of control. Fortunately, the Chinese Government and economic policy makers have taken various precautionary measures to curb it.

In theoretical terms, so long as economic growth of wages and wages are greater than price rises, a certain degree of inflation (less than 6 percent) should cause no problem. In China, however, the major problem in the past few years has been excessive wage rises, as shown in the table below:

| | Rise in GNP (r) | Rise in Price Index (r) | Rise in Wages (Including Bonuses) (r) |
|------|--------------------|----------------------------|---|
| 1984 | 14.5 | 2.8 | 22.3 |
| 1985 | 12.3 | 8.8 | 26.2 |
| 1986 | 7.8 | 6.0 | 20.8 |
| 1987 | 9.4 | 7.3 | 16.4 |

As a consequence, although most people's incomes and living standards improved, they have fallen for some.

According to analysis by Chinese economists, it is possible for China to maintain an annual economic growth rate of around 10 percent and keep the annual inflation rate under 6 percent for the foreseeable future. But to realize this, the following measures should be adopted:

—Controlling the money supply and credit.

—Cutting investment in capital construction (particularly the extra-budgetary part), group purchasing power and money to be spent on consumption (especially bonuses), and keeping a check on the excessive growth of total social demand.

—Allowing interest rates on bank deposits to float and selling publicly owned housing to individuals in order to channel surplus purchasing power into economic construction.

—Taking resolute yet prudent steps to reform prices and wages so as to allow the market to determine the value of commodity and labour exchange and regulate supply and demand.

—Improving market order by gradually abolishing the "double-track" system for commodity prices, and cracking down on those who deliberately drive them up by engaging in hoarding, speculation or charging excessive interest.

—Continuously promoting enterprise reform by introducing competition and shifting the focus of management to quality, efficiency and economic returns.

China can draw strength from the knowledge it has already lived through two inflationary periods—one in the early days of New China and the other in the early 1960s. The current round of inflation is occurring at a time when the economy is developing fast and its reform programme is replacing the old system with a new one. This means China has a more powerful economic means and better material conditions to overcome the problem. If correct policies and measures are adopted, we can not only bring inflation under control, but also create an economic system full of vitality.

Curbing Inflation 'Prerequisite' to Price Reform
HK1910012988 Shanghai SHIJIE JINGJI DAOBAO
in Chinese 10 Oct 88 p 5

[Article by Yang Peixin (2799 1014 2450): "Stopping Inflation Should Be the Prerequisite for Removing Restrictions on Prices"]

[Text] Under the capitalist system, there are economic crises caused by overproduction. This is because the capitalists do not use their profits to expand the scale of production but just deposit the money in banks since they are worried about the risks in investment. The insufficient demand in investment thus leads to an oversupply of products, and gives rise to an economic crisis. The Keynesian policy mitigates the economic crisis by means of deficit budgets and inflation through increasing the issuance of bonds to attract funds from capitalists and banks to build power stations and highways and to increase demand. The prerequisite for this policy is that investment is inadequate in the economy with equipment idle, an oversupply of raw materials, and surplus labor. By expanding investment to increase demand, the state will be able to once again set all these productive factors in motion and expand the scale of production in society. Some comrades think that our country can also pursue a policy of inflation. According to them, on the one hand, more currency can be issued and more loans can be offered, so more funds will be injected into the economy, on the other hand, if the masses cannot buy what they need with their additional banknotes, they will be forced to deposit the money in the banks, and the state can thus gain more funds. With

funds raised through inflation, the state will be able to finance the key construction projects and accelerate the development of the national economy.

Will Inflation Really Be Able To Promote Economic Development in Our Country? [subhead]

Ours is a socialist country, where profits belong to the state and the enterprises and do not belong to capitalists. The state and enterprises are always anxious to reinvest the profits in production, and there is no inadequate investment in a socialist country. On the contrary, there is a constant problem of excessive investment. When there is no inflation, gross demand and gross supply tend to suit each other. Even if there is some structural disproportion, it can still be adjusted. When gross demand reaches the saturation point, inflation caused by the increase in currency issuance and loans will just artificially expand the demand further. When having received more money, enterprises will try to buy more raw materials, and residents will try to buy more consumer goods. However, as the available goods do not increase and remain constant, prices will certainly increase and people will be involved in the panic buying sprees. Inflation will just create false purchasing power in an artificial way. When there is a balance between the gross supply and the gross demand in a socialist country, the sudden opening of a gap between the gross supply and the gross demand will upset the market stability. As far as funds are concerned, if prices are kept stable under the socialist system, bank savings will increase every year. The total amount of urban and rural savings has now reached 350 billion yuan, or has increased by an average of 70-80 billion yuan a year. The additional savings in the banks can be turned into loans to meet the enterprises' needs for working funds. However, the situation in 1988 showed that inflation and price increases failed to achieve the result of increasing compulsory savings and just slowed down the growth in savings and even decreased the accumulated savings.

Practice shows that inflation does not help increase accumulation of funds and will only disrupt the order in the socialist commodity economy, disintegrate the national economy, and harm industrial and agricultural production.

Who Are the Victims? Who Are the Beneficiaries? [subhead]

First, workers, office staff, cadres, intellectuals, and peasants are victims of inflation. Inflation in fact levies additional taxes on the people by the devaluation of the currency, and this causes losses to the people in three aspects: 1) The gross retail sales in society increased by 14 percent to some 700 billion yuan, and consumers had to pay 90 billion yuan more. 2) The savings of 350 billion yuan bore a negative interest rate of 7 percent, and this caused a total loss of 20 billion yuan to the bank account holders. 3) The general public is holding a total of 150

billion yuan in cash in their hands, and 14 percent of this amount, or 20 billion yuan, has been lost. The total losses of the above three items reached 130 billion yuan.

According to the data published by the statistical department, the average real income of urban households decline by 20.8 percent in 1986, and the decline in 1987 was 2.2 times as much as that in 1986. Although cadres and workers get 10 yuan of food allowances a month, as each of them has to raise an average of 1.7 people, their food expenses increased by 22.75 yuan each month after the price of nonstaple food was decontrolled. Workers bear 56 percent of the losses caused by price increases.

As for the peasants, according to a report by the party committee in Handa Prefecture, in 1985, as the purchase price of farm production was lowered and cotton production was restrained, the income of the peasants there was reduced by 50 million yuan. However, the prices of various agricultural production materials, including electricity, diesel oil, chemical fertilizer, and farm tools all increased, and the peasants had to increase their expenditure by more than 50 million yuan. That is, their total losses exceeded 100 million yuan.

Second, the state lost more than it gained in inflation. By increasing the issuance of banknotes, the state raised some funds; and by making more loans, the state could earn a certain amount of interest income every year. If 150 billion yuan of currency is issued in a year, then the annual interest income is 12 billion yuan. In recent years, the profits turned over by the banks increased to nearly 20 billion yuan a year, and this was related to the increase in the money supply. In 1985, the increase in the state's financial revenue was also partly related to price increases, but the increase in following years became smaller and smaller. In old China, state revenue decreased during inflation, and the revenue decreased merely 10 percent of the expenditure. In 1988, our state revenue increased by 10.2 percent; the industrial and commercial taxes increased by 13.1 percent; product taxes and value added taxes increased by 8 percent; and enterprise income taxes, adjustment taxes, and profits turned over by enterprises to the state increased by 4.8 percent. If the price increase factor is deducted, the tax revenue in fact declined. During the same period, subsidies for covering the losses incurred by enterprises increased by 13.1 percent; and price subsidies for grain and oil increased by 64 percent. Financial expenditure increased by 10.9 percent. So the scale of both revenue and expenditure in fact became smaller. The state did not really increase income with inflation.

Third, speculators and official profiteers are people who can gain in inflation.

There was a system of state monopoly in buying and selling major products. The administrative departments which have the power to distribute products in short supply and in great demand and various purchasing and marketing institutions, as well as the departments which

control the products of some industries in the name of corporations, are able to reap staggering profits if they raise the price of goods in their hands when selling them on the markets and buying these goods at a low official price. Therefore, many companies in society are set up to follow suit by buying goods at a low price and then resell the goods at a high price so as to make profits. Some enterprises also set up their trade subsidiaries to sell their own products at a high price. All this harmed the interests of ordinary workers, intellectuals, young students, cadres, and peasants, and only benefited speculators and official profiteers. If inflation is not checked and the short supply of commodities is not changed, it is impossible to eliminate speculation and official profiteering.

Inflation and Price Reform Are Incompatible [subhead]

In our country, the price reform in fact began as early as 1979 along with the economic structural reform. In 1979, the purchase price of farm products was increased. In 1980, the price of nonstaple food was adjusted. In a few years, the price of farm products increased by 98 percent, and the price of grain increased by 139 percent. The prices were basically adjusted to a reasonable structure, and the peasants also expressed satisfaction at that time. However, inflation made the price of industrial consumer goods and the agricultural production materials increase by more than 45 percent, and the peasants found that the price balance again tipped not in favor of them and the benefit brought by the adjustment of the farm product price did not exist any more. So the price of farm products now has to be increased a second time. This thus gives rise to spiral price increases.

Inflation will inevitably disrupt the reasonable price parities on the market and widen the scissors difference between industrial and agricultural products. Inflation will also make the renumeration for physical labor even higher than mental work. In old China, inflation existed for 12 years, the real wages of workers decreased to merely 30 percent of those before the anti-Japanese war, and the real wages of intellectuals decreased to merely 10 percent. The growth rate of the price of industrial products was three times as much as that of the price of raw materials. Inflation completely distorted the price structure. After inflation was curbed in March 1950, in order to rationalize the prices, the price level was raised by less than 10 percent in 1950, and was raised by 11 percent in 1951. The cost of rationalizing the price structure was merely a 20 percent price rise. Take the FRG as an example. Inflation in that country was curbed in 1948, and the prices only rose by about 20 percent in 1948 and 1949 through slight adjustment and were then brought to a reasonable condition. This shows that it is not impossible to adjust and rationalize prices under a noninflation condition, and a price reform must first be based on curbing inflation.

Price reforms began in Yugoslavia in 1965, in Hungary in 1968, and in Poland in the mid 1970's. They did not delay the price reform. However, due to the worsening

inflation, price decontrol did not achieve the expected purpose of rationalizing the prices. On the contrary, prices were allowed to increase freely. In inflation, the inevitable result was to control and freeze prices and to retard the price increase. Price decontrol must have the prerequisite of curing inflation. If a price reform is carried out under the condition of inflation, it will certainly achieve a result opposite to the expected one, and inflation and price increase will then run out of control.

Editorial Cited on Control of Money Supply
OW1910000188 Beijing XINHUA in English
1533 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—The Beijing-based "FINANCIAL NEWS" today outlined the major tasks of China's present financial policy as "controlling the money supply and loans, stabilizing the financial situation and curbing inflation."

In a frontpage editorial, the official newspaper said that the fundamental reason for China's current economic problems lies in demand far exceeding supply. This has caused the economy to overheat.

"From a purely financial point of view, this is reflected in excessive growth in the money supply, a sharp increase of bank loans and a decrease in savings deposits," the editorial said.

Therefore, it said, monetary institutions in various localities should restrict the money supply and limit new loans to within planned quotas.

The paper also called for restructuring the credit system so that loans to key projects and institutions are guaranteed whereas those to "less important projects" be reduced or cut.

Meanwhile, the paper reported that Henan Vice Governor Wu Xiaoyun has called for joint efforts to solve the country's financial difficulties which, he said, are not caused by monetary institutions alone.

Speaking at a recent provincial financial work meeting, Wu put forward some measures to cut back on the money supply. They include:

—Strengthening cash administration and retrieving extra cash retained by enterprises and institutions;

—Vigorously expanding bank savings by providing new services including index-linked savings deposits;

—Taking measures to channel funds kept by private traders into state monetary institutions;

—Recovering loans whose terms have expired by using both economic and legal means including imposing fines on late payers;

—Reducing loans to both urban and rural credit cooperatives.

In Hunan, the vice governor said, rural credit cooperatives should repay one billion yuan which has been lent to them and urban cooperatives 300 million yuan.

In another report, the paper said that, following a two-day inspection of enterprises in Shenyang, about one-quarter of them, or 3,000, were found to be keeping 630,000 yuan more in ready cash than that permitted by the state.

RENMIN RIBAO on Reducing Speed of Growth
HK1910045388 Beijing RENMIN RIBAO in Chinese
14 Oct 88 p 5

[Article by Qiu Shi (4428 4258): "Reduce Speed, Get Better Results"]

[Text] The overheated economic phenomenon could not be changed. One reason is that many localities calculated their growth rates according to gross output value, and took this as the sole criterion for judging work performance. If the growth speed is high, the work will be regarded as satisfactory and good; otherwise, the work will be regarded as poor. So people simply vied with each other to achieve a higher growth speed, and this just intensified the overheated degree of our economy. This is a major problem that we must urgently solve in order to improve the economic environment.

It seems that the output value criterion comes into line with the productive forces criterion; in fact, they are completely different things. The productive forces criterion put forward by the 13th party congress, in the sense of social values, is the ultimate criterion for judging the quality of our economic work and our work in all other fields. However, the productive forces criterion should not be referred to as an output value criterion in a simplistic way. The gross industrial output value, or the gross industrial and agricultural output value, can be taken as an economic indicator which reflects the speed of our production development from one side of the thing, but if this indicator is used to measure the development of our productive forces, it will not give an all-sided and complete picture. First, when calculating the gross output value, especially the part produced by township and town industries, many localities did not count the price rise factor, so the figures were often inflated. Some units may show a very high growth speed according to their output value calculation, but if the price rise index is deducted, the growth rate would be much smaller or even become negative. Second, the output value is generally composed of three parts, namely, material consumption in production, wages, and profits. So, an increase in material consumption and in wages and bonuses may also lead to an increase in the output value. In fact, the increases in these two items can hardly reflect the improvement of economic results and can hardly bring real benefit to the general public. Third,

the output value can reflect the condition of the product structure. If the product structure is unreasonable and product quality is poor, the increase in the gross output value cannot help mitigate the contradiction between demand and supply in society and cannot help maintain a benign cycle in the national economy. In recent years, supply has become strained to a more and more serious degree, and this is definitely related to many localities' headlong pursuit of high output value.

What should be the right yardstick for judging and measuring the condition of our productive forces? We may list many factors, such as the quality of machinery and equipment, the quality of the labor force, the condition of raw materials, and the condition of technology. However, in the final analysis, economic results should be a fundamental yardstick. Why should we use advanced equipment? Because it will enable the producer to produce better and more products by inputting less human labor. Why should we adopt advanced technology and new materials? Because they will enable us to lower material consumption and reduce the use of labor in production. All this can be generalized into one word, "economic results." In different historical periods, a smaller input can lead to a larger output under different subjective and objective conditions, so "economic results" can always be the comprehensive yardstick to measure the condition of the productive forces. If we take economic results as a comprehensive economic indicator and a comprehensive criterion for assessing the quality of our economic work, we will then have a clear and correct guiding idea. Then, our work can become more realistic, and we will prevent us from unrealistically seeking rapid growth, large scale, or foreign style, and will ensure the well-coordinated, steady, and sustained development of the national economy.

A viewpoint holds that without maintaining a certain economic growth rate, we will not be able to ensure the growth in state revenue, and the localities will also find it hard to make both ends meet. This viewpoint has some truth, but it is not completely true. Financial revenue, from either taxes or profits turned over, is part of the new profits made by the enterprises. If the proportion of profits in the gross output value remains constant, it is certain that gross profits will be increased if there is a larger gross output value or a higher growth rate of the gross output value, and financial revenue will also increase in this case. However, gross profits can also increase as a result of lowering the costs of the unit product, that is, a smaller amount of material consumption and labor wages included in the value of the unit product. To increase financial revenue through increasing gross output value which will lead to a larger amount of profits, the main way is to open new plants and hire more workers. This will inevitably expand the scale of investment in fixed assets and lead to the expansion of the consumption fund, thus aggravating the tension in the supply of materials and goods in society. To increase revenue or profits by lowering the costs of the unit product, the main ways are to conduct technological

innovation, improve management, and upgrade the combination of various productive factors. This will lower the consumption of raw materials, raise the utilization rate of the equipment, and tap the productivity potential in the labor force. This will result in enriching the supply of products and relaxing the economic environment. Practice has shown that the latter is far superior to the former.

Of course, the growth speed and the economic results are not always incompatible. We oppose the headlong pursuit of high gross output value, but we do not mean that we should not pay attention to the growth rate of the output value. What we stress is that we should properly coordinate the growth speed with the economic results and base a reasonable growth speed on the enhancement of the economic results. We should pay attention to the growth speed, but more to the economic results, and should not put lopsided stress on the growth speed to the neglect of the economic results. At present, since the growth rate in industry is too high, what we should do is reduce the growth speed and strive for better economic results.

JINGJI RIBAO on 'Rent-Seeking' Theory
HK1910103188 Beijing JINGJI RIBAO in Chinese
30 Sep 88 p 3

[Article by Wu Jinglian (0702 2417 8834): "The 'Rent-Seeking' Theory and Some Negative Phenomena in China's Economy"—This article was originally published in the No 5 issue of "JINGJI SHEHUI TIZHI BIJIAO [COMPARATIVE ECONOMIC AND SOCIAL SYSTEMS]," a periodical published by the Central Editing and Translation House for internal circulation—slightly abridged by the newspaper's editorial staff]

[Text] [Editor's note] How to provide new thinking for improving the economic environment and for consolidating the economic order on the basis of economic theory? This is a question being earnestly considered by current economic theoretical circles. The book, "The 'Rent-Seeking' Theory and Some Negative Phenomena in China's Economy," written by Wu Jinglian, a famous economist, has established a school of theory and beneficially explored this aspect. [end editor's note]

In his article summarizing China's 8 years' economic reform, Nicholas Lardy, an American economist, pointed out that under China's present management system of state-owned enterprises and the system of retention of financial income, the income retained by governments at different levels in fact is the "rent" (rent [preceding word published in English]) in "Political Economy of a Rent-Seeking Economy." Lardy considers that due to the stagnation of price reform, the continual use of the means of administrative intervention by governments at various levels, and the intensification of

protectionism, "seeking after rent" (rent-seeking [preceding word published in English] or, in simple terms, rent-seeking) activities are very popular in the present Chinese economy. This type of activity will seriously lower economic efficiency.

"Rent" is an important division of political economy. In the development of economics, its extension involved a process of gradual expansion. Therefore, when people come across the word "rent" in contemporary literature, they often misinterpret it as the rent referring to land—land rent—and find it difficult to understand. In the views of early economists, the word "rent" really referred to land rent. However, in modern times, for instance under Marshall's interpretation, rent in general refers to the rent paid for various means of production. In all these cases, rent is the price difference resulting from the gap between the increase in demand for a means of production and the supply of this means of production, which cannot be increased for various reasons. In the international trade theories of modern economics, in particular in the so-called "public choice theory," rent further refers to the differential income resulting from the suppression of competition and the expansion of the supply and demand gap, which are caused by policy intervention and administrative controls such as import quotas, issuing of production permits, price control, and limitations on the number of personnel in particular industries. As policy intervention and administrative control can create differential income, that is, rent, naturally there will be activities chasing this type of rent. This type of activity is called rent-seeking activity. The characteristic of rent-seeking activities is that these activities use legal or illegal means, such as persuasion, mediation, doing things via the back-door, searching for backing, and so on, to obtain the specific right to obtain rent.

Some economists call this type of activity "activities seeking direct nonproductive profits (DUP) [preceding initials published in Roman alphabet]" (nonproductive activities here refers to that type of activity which will only create profits but not wealth). The scope of DUP activities is wider than that of "rent-seeking" activities. It includes not only rent-seeking activities that will only create profits but not wealth, but also: 1) Activities aimed at bringing about political intervention and administrative controls that will generate rent. 2) Activities aimed at avoiding existing controls, so as to obtain rent. All these activities consume the resources of society. Viewed from the meaning that they will only consume resources and will not generate wealth, these activities are a type of waste. Since this type of waste is a result of controls, the most effective way to avoid waste is of course to abolish controls (deregulation) [preceding word published in English], and to implement market liberalization. However, in contemporary economies, administrative controls can maintain effective operation of the economy and thus cannot be completely abolished. Therefore, many economists consider that the use of government intervention and administrative controls

should be constrained within a particular scope, in which this intervention and control is deemed absolutely necessary, and that this intervention and control should not be affected by the seekers of direct nonproductive profits who will induce the maintenance and expansion of the scope of administrative control. If the scope of administrative means is maintained and expanded, we will increase the opportunities for rent-seekers to obtain rent, and intensify the problem of unfair income distribution, and wastage of resources will result.

The development of the "rent-seeking" theory and the DUP theory represents important progress in political economy in the post-1970's period of this century. One of the people advocating the "rent-seeking" theory, James M. Buchanan, won the 1987 Nobel Prize for his contributions related to this type of theory. It is obvious that we should earnestly study this type of theoretical viewpoint. In addition, the reason we have to attach importance to this theory is that some of its arguments and analytical methods will give us inspiration in scientifically analyzing some negative phenomena in China's economy and in finding effective methods to remedy these phenomena.

Over recent years, unfair competition activities, profiteering and reselling activities undertaken by government officials, activities of using power to run commerce, and activities of making profits through price differences, interest rate differences, and exchange rate differences have developed in the Chinese economy. The problem of unfair distribution and corrupt phenomena caused by these activities have become a "hot topic for discussion." The problem is that most of the related discussion is only description of the cases as they stand, and less in-depth scientific analysis is involved. There are attacks with the force of justice. However, not many people can sharply illustrate the nature of the problems and the root of these phenomena. As a consequence, no effective countermeasures have been suggested. For instance, many people consider that the above-mentioned phenomena are inevitable under the situation where commodity and monetary relations and the market mechanism are introduced. Therefore, they have different value judgments on these phenomena: In view of the spread of corrupt practices, some people consider that the reform direction of marketization is a wrong one. However, some argue that scrambling for price differentials, and the practices of "giving red packet money" and taking sales commissions are the same as speculation and profiteering activities and "public relations" activities, which are common practices in a commodity economy. Thus, they consider these inevitable in the process of marketization, and nothing to be surprised at. Although they have different viewpoints, one thing they have in common is that they relate the above-mentioned phenomena to the reform focusing on the market. Even those who consider that this tendency should be stopped also hold the view that at a time when the market is opened to the inside and the outside, it is natural that malpractices will result at the same time as

vitality and energy are aroused, that what we can do is to suppress these malpractices through moral education and by punishment and deterrents, and that other than these there are no effective radical measures.

However, when we seriously analyze the above-mentioned phenomena, we can easily discover the ambiguous nature of the above judgments. The basic rule of the market is fair competition. The negative phenomena we are facing obviously do not stem from the influence of the law of market, and are not results of the "invisible hand," but are results of the serious lack of development of the market and of the control over the market by administrative force. Just as a rent-seeking theorist says: Due to the fact that the "invisible hand" is being constrained by the "invisible foot," huge amounts of rent are created in various areas of the nation's economy, and various kinds of people are chasing rent, taking advantage of the "dual-track price system" to gain price differentials, reselling permits, quotas, and bills for staggering profits, and so on. This is precisely typical "rent-seeking" behavior. Companies which do not have a clear distinction from government bodies and which spring up like mushrooms are nothing but rent-seeking magnates. When this point is made clear, many doubts and problems can be easily solved. For instance, we hear many enterprise management personnel complaining that there is too much control over them, that the control is too tight, and that it takes them much time and energy to cope with the harsh and numerous demands from above. On the other hand, we see many management personnel undertaking "political activities" on their own initiative. They seek connections, search for backers, set up projects, conduct tests at selected points, strive to obtain "favorable policies," make frequent contacts with "departments," and chase money. Viewed from rent-seeking theory, this type of contradictory phenomenon is easy to explain. Under the situation that rent is allowed to exist in a broad sense, and people in general are seeking rent, people who do not positively strive and struggle for rent will bring losses to their own interest. Further, one important kind of resistance to price reform stems from some supply departments which can get price-rise benefits from the relaxation of price controls. This was once a problem that made people feel puzzled. However, once people have grasped the law of DUP, they can immediately find the solution: The maintenance of administrative control will enable some people, who have special powers, to obtain rent. This is advantageous to these people. When compared with the practice of increasing profit through severe market competition, this method can save them much effort involved in making profit through market competition. When this is all made clear, the fundamental solution is easy to define. The solution is to abolish administrative control over macroeconomic activities, which include the price behavior of firms, to relax price control, to perfect the market, and to implement fair competition. This is exactly the basic direction for us to deepen the reform.

Of course, the rent-seeking theory of Western economics was developed against a social background very different

from that in China. China and Western countries have different historical traditions and different levels of economic development, and the practical problems they face are also very different. Therefore, we not only have to draw lessons from Western countries, but also have to bring forth new ideas. Or we can even say that drawing lessons from them is in order to bring forth new ideas, and that the aim of drawing lessons from them is to develop our own theories and to solve our own problems.

Time Needed for Commodity Economy Development

HK1910051288 Beijing RENMIN RIBAO in Chinese
14 Oct 88 p 5

[Report: "Liu Guangdi Says It Takes Time To Establish a New System of Socialist Commodity Economy"]

[Text] Liu Guangdi, professor of the Central Finance and Banking College, said at a recent discussion meeting: The 3d Plenary Session of the 13th CPC Central Committee pointed out that the target model of the economic structural reform in our country is to build a new system of the socialist commodity economy, and the plenary session also worked out a general framework for this new system. This represented a major step forward in both theory and practice. In recent years, under the guidance of this central principle, people in the theoretical circles have studied the medium-term targets for the economic structural reform and have put forward some inspiring ideas and options. This is valuable. However, we also found some simplistic ideas which were expressed in some articles. For example, some people thought that the socialist commodity economy in our country would be established very quickly within a short time. I don't think that this is a realistic opinion. This opinion may also make people fail to realize the arduousness of our reforms. My opinion is that it will take a fairly long time to establish the new system of a real socialist commodity economy in our country, because the new system can only be built on the basis of a considerably developed socialist commodity economy and on the basis of people's deep understanding of the objective laws that govern the operation of the socialist commodity economy. Only then can we scientifically design the new system. The new system itself still needs to further improve in the operation and development of the commodity economy. All this cannot be completed within a short time. At present, the commodity economy in our country is far from being fully developed, and the new system of the socialist commodity economy is just in the offing. So we must not take a simplistic approach to the establishment of the new system of the socialist commodity economy, even though we may have built the framework of this new system.

Urban Collective Enterprises Play Important Role

OW1910172088 Beijing XINHUA in English
1437 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—Urban collective enterprises, making up one-third of the country's

total, are playing an increasingly important role in China's national economy, said an official from the Ministry of Light Industry at a national seminar held recently.

According to the statistics released at the seminar, the country has 154,000 urban collective enterprises, with employees totalling more than 18 million. Their annual output value has reached 190 billion yuan, more than one-third of the country's urban industrial total.

Their products include durable consumer goods like TV sets, refrigerators, air conditioners, washing machines, as well as indispensable small commodities like needles, thread, buttons and nails that are neglected by many state-owned factories.

The country's light industry, for instance, owes much to the collective enterprises, which make up 80 percent of the industry's total. Last year, these collectively-owned consumer goods producers recorded 7.6 billion yuan in taxes and profits, and earned 4.6 billion U.S. dollars for the country.

The Wanbao Electric Appliance Corporation, one of the country's biggest collective corporations, groups more than 40 factories and enterprises, with one billion yuan in fixed assets, and produces dozens of types of electric appliances. Its export income is expected to reach 100 million U.S. dollars by the end of this year.

Many other collective enterprises, however, are in a difficult position, the seminar was told. Developed from small workshops, many collective enterprises are still unable to compete with the state-owned enterprises in equipment, management techniques and technicians.

Improved Environment for Foreign Investment Urged
HK1910024688 Beijing CHINA DAILY in English
19 Oct 88 p 2

[By staff reporter Zhang Yu'an]

[Text] One of China's leading foreign trade officials called for fast improvement of its soft environment for foreign investment yesterday in Beijing.

The soft environment refers to such factors as available personnel, management skills, training and systems of trade regulations and business law. Concrete items like raw materials, production equipment, trucks, railways and telephone lines would not be part of this "soft" environment.

Shen Jueren, vice-minister of the Ministry of Foreign Economic Relations and Trade (MOFERT), called for the improvement yesterday in Beijing while speaking to the China Investment Environment Investigation Delegation from Japan.

He said that although China's foreign investment environment could not be described as "very good," it had certainly improved in recent years.

Since the start of this year, he said, more areas of the country had been opened up to foreigners and the power to approve investment projects had been de-centralized and streamlined.

China was now helping foreign-funded ventures run smoothly and make money, he added.

In response to questions raised by members of the delegation, MOFERT official Wang Zhenpu said China was now working on drafting new laws to help foreign investment and economic affairs in the country.

He said these laws related to the inspection of import and export commodities, foreign-funded ventures, special economic zones and Sino-foreign co-operative ventures.

The rules and regulations governing Sino-foreign co-operative ventures and the time scale for the approval of projects were expected to change under the new laws, he said.

The new regulations would stipulate that the joint venture's term of co-operation could either be decided by both sides in the contract or could be limitless. This decision would be made by the interested parties and not stipulated in the law.

The chairman of company boards would either be chosen by both parties following discussion or elected by the board, instead of being named by the Chinese party only.

The time it takes for a project to be approved, currently up to 90 days, would be cut to 45 days.

Arbitration of disputes may be discussed in China, in the foreign party's country or in a third country agreed upon by both sides.

Wang said that since 1979, the National People's Congress of China and its standing committee had passed 25 laws and regulations concerning foreign affairs. The State Council had also made many similar regulations. So, he said, the rights and interests of foreign investors in China were certainly being protected and guaranteed.

Liu Yimin, bureau head of MOFERT's foreign investment administration, said the new laws being drafted allowed for Sino-foreign co-operative projects worth less than \$30 million to be approved by local governments in China. Those costing more than \$30 million would have to seek approval from central government. But generally speaking, he said, local governments should be able to approve most projects within one month.

Foreign firms which want to take part in major projects involving the development of energy, communications, ports, telecommunications and raw materials would be given top priority, he said.

Opportunities for foreign firms to take part in projects involving the simple processing of yarn and the simple assembly of household electrical appliances are limited, he said.

Contracts Signed To Build 36 Foreign Ships

OW2010092188 Beijing XINHUA in English
0841 GMT 20 Oct 88

[Text] Beijing, October 20 (XINHUA)—China has signed contracts to build 36 ships for foreign firms in the first nine months of this year, the China State Shipbuilding Corporation (CSSC) announced today.

The ships total 492,500 tons, 157,500 tons more than the overall quota built in 1987.

Meanwhile CSSC has undertaken to build 91 vessels for domestic clients including the China Oceangoing Shipping Agency.

With modern dockyards and state-of-the-art facilities, China repaired 120 foreign vessels in the first three quarters of this year.

Ministry Survey Shows Construction Quality Up

HK1910024888 Beijing CHINA DAILY in English

19 Oct 88 p 3

[By staff reporter Wen Jia]

[Text] The quality of building construction has increased markedly in the past two years, according to the Ministry of Construction, which ought to ease somewhat people's concerns about poorly-built housing.

A recent ministry survey shows that half the buildings being constructed now are of superior quality, 14 per cent higher than two years ago.

Eleven newly-built or repaired buildings have collapsed in China so far this year, claiming 25 lives. But last year there were 42 such cases.

"The improvement is remarkable though not satisfactory enough," said Gan Zhijian, Vice Minister of Construction.

The survey, initiated by the ministry in August and completed last month, covered 667 projects in 28 of China's 31 provinces, municipalities and autonomous regions.

Forty-nine per cent of projects in the survey met quality standards, compared with 35 per cent in 1986. Top-rated construction enterprises accounted for 12 per cent of the 169 surveyed, up from 4 per cent two years ago.

Leaking and other familiar problems in the country's buildings have been greatly reduced, especially in those constructed by collectively-run enterprises.

The vice minister attributed the improvements to closer attention by government agencies, greater competition between enterprises and increased technical training.

However, "the job ahead is still tough," Gan said.

Half of the surveyed projects fell short of State requirements because of shoddy interiors. "We haven't even put an end to the collapse of new houses," he said.

A rapid increase in the number of builders, unethical practices to solicit business and regulatory loopholes are responsible for the problems.

Quality control will be a major part of the current readjustment of economic order in the construction industry, Gan added.

Priority will be given to enforcing ethical business practices, he said. Bribery and illegal profiteering will not be tolerated. And careless builders and businesses will be punished.

Twenty-four of the surveyed enterprises will have their ratings lowered because none of their projects were found satisfactory, he said.

Rail Minister Li Senmao Urges Better Service

HK181000188 Beijing CHINA DAILY in English

18 Oct 88 p 1

[By staff reporter Gao Jinan]

[Text] The Minister of Railways has urged local rail bureaux to go all out to guarantee cargo and passenger transport this winter and next spring.

It is not an easy job; it needs careful preparation and coordination and co-operation among the bureaux, the Minister, Li Senmao, said.

"We must estimate the volume of passengers early, and make up train schedules to add extra trains."

The present passenger volume is 3.8 million a day. The volume is expected to top 4 million during the peak transport period in the spring.

Li also said that the transport of coal and daily living necessities will be a key task.

According to the state plan, he said, the ministry and local rail bureaux will guarantee the coal transport for the four big thermal power networks in the country and that of the coal needed for production and living in Beijing, Tianjin and Shanghai.

Since the grain production quota could not be met this year, the transport of grain across the country will mainly depend on railways. And that will also be a must, Li said.

In addition, railway departments are also required to ensure the transport of fruits, vegetables, sideline products and other seasonal materials to meet demand.

He called on rail workers to work faster to ensure that the Datong-Qinhuangdao, Hengyang-Guangzhou lines and the Fuliji rail overpass in Anhui Province are put into operation by the end of this year.

Li outlined the work of his ministry as follows:

Ensure the transport of the state-controlled key materials. He said those materials within the state plan will be guaranteed, and then other goods and materials. Those who break this policy will be "dealt with."

Reduce the non-productive investment and ensure key rail construction projects.

Check those who use rail cars and tickets for personal gain. Railway departments are not allowed to profiteer by taking advantage of their monopoly on rail cars. The ministry will strengthen the approval procedures for wagons not included in the transport plan.

"The illegal trading in rail carriages has been widely criticized in the society; we must deal with this matter severely," he said.

The railway departments should play their macro-functions of supervision and control, and give no opportunity to people who want to use railways to profiteer, the minister pointed out.

Improve the rail service quality and create a better travelling atmosphere.

At the conference attended by rail bureau leaders last Saturday, the Minister also reported the rail network's work in the past nine months.

The passenger volume was more than 901 million, an increase of 7.1 percent over the same period last year, or 79 percent of this year's quota.

During those nine months, the amount of cargo by rail reached more than 1.5 billion tons, a 3 percent increase over the same period last year or 75.1 percent of this year's target.

But two rail accidents occurred in August and September, and danger is always possible. Li urged all rail workers to be alert and put safety first.

At present, the total length of rail lines is more than 52,500 kilometres, but 20 percent of them have been over-used. About 10,700 kilometres need immediate repair and more than 183,000 railway tracks should be replaced.

He said some rail bridges, tunnels and telecommunications equipment are in "bad condition" and need improvement.

The ministry planned to repair 4,180 kilometres of over-used rail lines this year, but only 59.5 of the amount have been renovated in the past nine months.

All local rail bureaux are now trying to fulfill this year's renovation work set by the ministry. But they also face some difficulties, including shortage of materials and the fulfilment of transport quotas.

Li said his ministry is "seriously short of funds." This makes the renovations and repairing work more difficult.

Textile Industry Develops Man-Made Silk

OW191019388 Beijing XINHUA in English
1538 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—Man-made silk will soon be an important product of the Chinese textile industry, an official from the Textile Industry Ministry told XINHUA today.

Beginning last year, Shanghai, Suzhou and Shaoxin—all leading silk centers—have developed man-made silk from chemical fibers. Their products, which are easy to wash, quick-drying and iron-free, are as good as foreign products in quality, the official said.

However, he said, the country only turned out four million meters of man-made silk, and this year's output is expected to reach 10 million meters, far from meeting the needs of its domestic market and foreign trade.

According to the official, large amounts of Japanese and South Korean man-made silk have been pouring into China in the last few years, and the country has had to import a lot of raw materials for its summer-season garment manufacture.

The Ministry of the Textile Industry has decided to take a series of measures to speed the development of man-made silk. They will guarantee the supply of raw materials, provide more technological know-how and equipment to the factories, and adjust the prices of their products to get the interest of silk and chemical fiber producers.

Iron, Steel Targets Fulfilled by September
HK2010105288 Beijing CEI Database in English
20 Oct 88

[Text] Beijing (CEI)—Minister of Metallurgical Industry Qi Yuanjing announced recently that China's iron and steel industry has fulfilled this year's target of increasing 1 million tons of plates ahead of time

In the first nine months, 1.22 million tons of steel plates were produced, including 940,000 tons of steel sheets. This has eased market demands.

Projects Implemented To Eliminate Poverty
HK2010054188 Beijing RENMIN RIBAO in Chinese
14 Oct 88 p 2

[Report by XINHUA reporter Yin Jianhuan (1438 1696 5478) and RENMIN RIBAO reporter Liu Yunzhou (0491 0336 3166): "Some Poor Areas Will Implement a 'Project for Adequate Food and Clothing'"]

[Text] Next year poor areas in China will implement the so-called "project for adequate food and clothing," which is aimed at popularizing the technology of covering hybrid corn with plastic sheeting.

This program, which was formulated by the State Council's group for economic development in poor areas and the Ministry of Agriculture, will be put into effect next year in corn-growing poor counties in Shanxi, Inner Mongolia, Shaanxi, Gansu, Sichuan, Yunnan, Hunan, Hubei, Guizhou, Guangxi, Hebei, and Ningxia. Seven million mu will be used for popularizing the technology next year, 3 million mu in 1990, and 10 million mu each year thereafter. Chen Yaobang, vice minister of agriculture, said at a meeting that each mu of hybrid corn covered with plastic sheeting will yield 250 or 300 kg, 100 to 150 kg higher than the usual output. Calculated on this basis, there will be an increase of 1 million tons of corn after successful popularization. This will, undoubtedly, help poor areas alleviate their food problem.

Poor areas in China have great potential for increasing their corn production. According to incomplete statistics obtained from 301 poor counties in the country, corn-growing areas in these counties amount to 30 million mu, with a per mu output of 180 kg, whereas the country's per mu output averages 260 kg and its highest yield is 500 kg. Chen Yaobang said the popularization of this technology will greatly raise the per mu yield of corn. For example, from 1982 to 1987 poor areas in Hubei Province, including Yunyang and Yichang as well as the western part of the province, devoted their efforts to growing 2.7 million mu of hybrid corn covered with plastic sheeting. During this period they registered an increase of 400 million kg of corn and the peasants' income rose by 100 million yuan.

The key to implementing the "project for adequate food and clothing" is providing the necessary capital goods and production materials for agriculture, including plastic sheeting. The state has initially decided to provide low price plastic sheeting and chemical fertilizers for the implementation of the "project for adequate food and clothing." A special grain development fund will be set up for discounted loans for poor counties implementing this program. Agricultural technology popularization stations throughout the country will be responsible for the popularization of this new technology, and they are required to encourage scientific and technological personnel to provide comprehensive technological services on a contract basis for poor areas in coordination with the popularization of this new technology.

As planned, the "project for adequate food and clothing" must be implemented in poor areas that urgently need to solve the problem of food and clothing. The injection of funds and materials must be made on the basis of consultations with the poor areas concerned. "Investment, output, the number of poor households with food and clothing requirements, as well as loan repayment ability must be ascertained."

Commentator Views Efforts
HK2010061988 Beijing RENMIN RIBAO in Chinese
14 Oct 88 p 2

[Commentator's article: "Redouble Our Efforts To Eliminate Poverty"]

[Text] The problem of poverty, which has long troubled China, is beginning to be resolved through reform over the last 10 years. Since 1986 in particular, when the State Council proposed assisting poor areas during the Seventh 5-Year Plan, the number of poor areas in our country has been reducing at a gratifying rate. This is the result of the hard work of the people in poor areas and the assistance provided by the rest of the country. It is also the result of the transformation from a decentralized economy into economic exploration.

There is an old Chinese saying: "90 li is only half of a 100-li journey." This means that when a person has walked 90 li of a 100-li journey, he should take it as having walked only 50 li, so as to prevent himself from relaxing his efforts. Reflecting on this saying will enable us to make a correct appraisal of our exploitative work in poor areas and to enhance our sense of urgency and responsibility. We should not think too highly of what we have done but should take serious account of difficulties. With this mentality, we will soberly understand the arduousness and long-term nature of the task of eliminating poverty in the country and will not take this matter lightly.

There are 30 million people in China who do not have adequate food and clothing. The year 1990 is only a little more than 2 years away. Can we basically resolve the problem of food and clothing? It will be good for us to

consider this question frequently. We should be aware that most of the people who do not have adequate food and clothing live in areas where natural conditions are bad, social development is at a low level, drinking water is difficult to obtain, and local diseases frequently occur. These are the poorest areas in the country and also the most difficult areas in which to resolve the problems.

As time goes by, the work of assisting poor areas will become more difficult, and more time and effort will be required.

The work of resolving the problem of food and clothing for the masses will enter the most difficult period next year and the year after next. Therefore we must be more determined and take more resolute measures in this respect. We must make full ideological preparations for this. In addition, although some poor counties have transcended the line of adequate food and clothing, they still remain at a very low level, apart from being unstable; some have adequate food and clothing during good harvest years but live in poverty again during crop failures. This has made it even more difficult for us to eliminate poverty and backwardness in these areas. It is necessary for us to make an early start, to lose no time in shifting toward the new period of regional economic development, and to make greater efforts.

Assisting poor areas in getting rid of poverty is a historical task bearing political, economic, and social significance. To make the battle for adequate food and clothing a success, leaders at all levels, assuming responsibility for history and the people, must exercise stricter leadership over this work. Experiences in various localities suggest that the key to bringing about economic development in poor areas is whether leaders at all levels, and principal responsible comrades in particular, can use their brains, view the overall situation from the angle of reform, creatively work out principles and policies in light of their specific conditions, pay close attention to their work, and do their jobs in a practical and flexible manner. With this being done well, there is much hope for us to resolve the problem of food and clothing in the coming 2 years.

Rare Earth Used To Increase Output of Grain
OW1910000788 Beijing XINHUA in English
1511 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Chinese farmers have increased grain and sugar outputs by 5-15 percent by applying rare earth materials, which previously had been used for industry only, an engineer said here today.

He said the farmers have sprayed rare earth over one million hectares of farmland this year and three million hectares in the past eight years.

More than 360,000 tons of grain, sugar and vegetable oil were added by applying the rare earth from 1982 and 1987, said Guo Bosheng, director of the Rare Earth Development Center for Application in Agriculture of the China National Nonferrous Metals Industry Corporation.

To date, rare earth has been used on more than 20 crops such as wheat, sugar cane, peanuts, beans, tobacco, apples, watermelons and cotton in all the provinces, autonomous regions and municipalities of the mainland, he said.

Chinese scientists began to conduct research into the application of rare earth for agricultural technology in 1972, which was included as one of state key scientific projects during the period of the Sixth Five-year Plan (1981-1985) in 1982. The project was awarded a second prize by the state for scientific and technical progress this year.

"Research and application of rare earth to agriculture have proved that rare earth applied to crops does no harm to human beings, animals or the environment," he said.

He went on: "Rare earth helps crops to develop their roots, enhance their photosynthesis function and grow faster."

Rare earth can help increase the output of crops by 5-15 percent, and one dollar of rare earth used on crops can result in ten dollars of economic benefit, he pointed out.

He said 1,800 tons of "nongle," a type of particled and liquid rare earth, were sold in China between 1986 and 1988, and 800 tons have been produced in the country this year.

In addition, nongle has been exported to Australia and Japan for trial application in farmland; China is also negotiating with Australia on transferring rare-earth technology.

"It is expected that China will apply rare earth to 1.66 million hectares in 1990, and hopes to earn 300 million yuan from an increase of 300,000 tons of grain and 10,000 tons of sugar," he added.

First Rural Astronomical Observatory Built
OW2010114088 Beijing XINHUA Domestic Service
in Chinese 0835 GMT 17 Oct 88

[Text] Nanjing, 17 Oct (XINHUA)—The first astronomical observatory in China's rural area was recently completed at the Zhongxin Primary School in Penglang Town, Kunshan County, Jiangsu.

Both the glass fiber reinforced plastic dome and skylight of this observatory are power-operated and can make 360-degree synchronized movement as the operator

pleases. The observatory is installed with a 15-cm astronomical telescope. Now that the observatory is completed, it not only can serve as a teaching facility for the study of natural science in school, but also may coordinate with professional astronomical organizations in making valuable astronomical observation.

Pengiang Primary School is a school which has made astronomical observations for quite a few years. In observing Halley's Comet last year, this school won two championships in flow (liu liang 3177 6852) observation and visual observation and the second place in photographic observation at the national youth Halley's Comet observation contest.

Population Hits 1.07 Billion on 1 Jul 87

*OW1910084888 Beijing XINHUA in English
0731 GMT 19 Oct 88*

[Text] Beijing, October 19 (XINHUA)—Latest statistics show China's population hit a high of 1.07233 billion on July 1 last year, the "GUANGMING DAILY" reported today.

The figure, not including the population in Taiwan, Hong Kong and Macao, came in a paper delivered at a recent international symposium on population census held in Beijing.

This figure indicates that the yearly population growth in the 1982-1987 period averaged 1.24 percent, the lowest growth rate since the founding of New China in 1949.

China wants to keep its population at 1.2 billion by the year 2000. However, the population growth rate in 1986 was 1.41 percent and by 1987 the figure had risen to 1.45 percent, the paper said.

Population experts with the State Statistics Bureau attributed the marked population growth in the past two years to the fact that people born during the 1960s' baby boom are now at the child-bearing age. Early marriages and a more relaxed attitude to birth control in some areas have also contributed to the rise in population, the experts said.

The newly-updated population statistics are the result of calculations by experts of the State Statistics Bureau and based on a sample survey conducted on one percent of the country's population on July 1, 1987, as well as on other studies.

The studies also show that in 1987 the number of children under 14 years of age dropped to 28.7 percent from the 1982 figure of 33.6 percent.

In addition, the number of people over 60 years of age is expected to reach 90 million by the year 2000.

East Region

Jiangsu Military Region Holds Enlarged Meeting *OW2010114288 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 17 Oct 88*

[Text] The Nanjing Military Region Party Committee held an enlarged plenary meeting from 10 to 17 October to convey the guidelines set forth by the 3d Plenary Session of the 13th Central Committee and the Central Work Conference.

Addressing the meeting, Xiang Shouzhi, commander of the Nanjing Military Region and secretary of its party committee, and Fu Kuiqing, deputy secretary of the Military Region party committee and political commissar of the Military Region, stressed: We should extensively, thoroughly, and systematically educate all officers and men and help them understand the current situation and their missions so that the guidelines of the two conferences can be earnestly implemented.

They pointed out: We should make every effort to make this education a success. We should clearly and systematically examine all the successes that have been achieved in all sectors during the past decade, not the successes achieved in a certain field during a certain period. We should examine these successes constantly in light of the actual situation until everybody is educated. To analyze issues thoroughly, we should, first of all, not avoid discussing any existing issues. Second, we should not exaggerate or sensationalize any issue. This means we should discuss the nature of all issues factually and not irresponsibly. Third, while we examine our problems, we should objectively analyze their historical background as well as the lessons we have learned so that everybody will have greater courage and confidence to solve the problems. We should also pay attention to helping people improve their ability to analyze and understand the issues.

Present at the enlarged plenary meeting were Comrades Du Ping and Nie Fengzhi, members of the Central Discipline Inspection Commission who were in Nanjing; members of the Standing Committee of the Nanjing Military Region CPC Committee, including Wang Chengbin, Jiang Yutian, Shi Yuxiao, (Zhang Ning), Liu Lunxian, and (Wang Tailan); brigade and higher-ranking commanders and political personnel; and chiefs and deputy chiefs of [word indistinct] departments of the Military Region, totaling more than 370 people.

Shandong's Liang Buting Attends Rally for Aged *SK1910051388 Jinan Shandong Provincial Service in Mandarin 2300 GMT 18 Oct 88*

[Excerpts] This past July, the fourth Standing Committee meeting of the seventh provincial People's Congress decided to designate the ninth day of the ninth month by the lunar calendar every year as our province's day for the aged. On the morning of 18 October, Shandong Province, the Jinan Military Region, and the city of

Jinan held a rally at Jinan's Zhenzhuquan Auditorium. More than 1,500 representatives of retired cadres and old people happily got together to ceremoniously celebrate Shandong Province's first day for the aged.

Attending the rally were Liang Buting, Lu Maozeng, Jiang Chunyun, Yang Yanyin, He Guoqiang, Zhang Quanjin, Wang Jinshan, Wang Chengwang, Sai Feng, Li Yu, Li Farong, Lu Hong, Xu Jianchun, Zhao Zhihao, Zhang Jingtao, Han Bangju, Li Zichao, Ding Fangming, Yang Da, Gu Hui, Yan Zhuo, Zhai Yongbo and other leading comrades. Also attending were veteran comrades of the province and the Jinan Military Region, including Feng Lejin, Xu Leijian, Zhou Xingsfu, Li Sijing, and (Zhang Rusan). [passage omitted]

Lu Maozeng, deputy secretary of the provincial party committee, delivered a speech at the rally. On behalf of the provincial party committee and government, and the people throughout the province, he first extended festive greetings to the veteran comrades present at the rally, and to the old people throughout the province, and expressed cordial regards to the comrades who had worked diligently for the old people and made active contributions to the work for old people.

He said: Old people are the precious wealth of the society. Without the yesterday of the old people, there would be no prosperous today of the state. During the days before the birth of the New China, and in carrying out the great cause of socialist construction, the masses of old people waged arduous struggles and worked selflessly, devoting their efforts. During the new historical period, the masses of veteran comrades have implemented the line, principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee, and showed concern for, supported, and actively plunged into the causes of reform and opening up, thus making new contributions to developing the excellent situation of our province. Comrade Lu Maozeng urged veteran party members and cadres, and old people throughout the province to conscientiously study, thoroughly understand, and take the lead in implementing the guidelines of the 3d Plenary Session of the CPC Central Committee, responding to the call of the party Central Committee with their own concrete deeds, and continuing to make contributions toward improving the economic environment, rectifying economic order, deepening reform, and consolidating and developing a stable and united political situation. [passage omitted]

Shandong's Liang Buting Meets Returning Athletes *SK1910083588 Jinan Shandong Provincial Service in Mandarin 2300 GMT 18 Oct 88*

[Text] The provincial party committee and government held a rally in Jinan on the afternoon of 18 October to warmly welcome the successful provincial delegation who had returned from the national peasants' games. Party and government leading comrades, including Liang Buting, Lu Maozeng, Jiang Chunyun, and Zhao Zhihao, cordially met with all the delegation's comrades and had a group picture taken with them.

A responsible person of the provincial sports delegation gave a report at the rally on how the good peasant athletes of our province competed and won prizes at the national peasants games.

Zhao Zhihao spoke at the rally. He extended a cordial welcome and heartfelt congratulations to all the comrades of the sports delegation and encouraged all athletes to exert unremitting efforts to achieve progress and create new results and contributions for the great leap of our province's rural sports activities.

Prize-winning certificates were presented to athletes at the rally.

Committee Trade Union Established in Shandong
SK1910042888 Jinan ZAZHONG RIBAO
in Chinese 28 Sep 88 p 2

[Text] On the afternoon of 27 September, organs of the provincial People's Congress Standing Committee jointly held a meeting to hail the founding of the trade union, and to elect the committee of the organs' trade union. Xiao Han and Lin Ping, vice chairmen of the provincial People's Congress Standing Committee, and other leading comrades attended the voting as ordinary members.

Leaders of the provincial People's Congress Standing Committee and the party committee of the organs of the general office have considered the establishment of trade union of organs as an important measure for strengthening democratic construction of organs, conscientiously organized forces to carry out the work, and established a leading group to prepare for the establishment of the trade union of organs. They have conscientiously organized the people to study the "regulations of the trade union of China," and some important documents, and conducted the work of universally registering and recruiting members. Twenty-three leading comrades of the province and departments, including Li Zhen, chairman of the provincial People's Congress Standing Committee, took the lead in signing up. All office staffers and workers signed up to join the trade union. Based on extensively promoting democracy and conducting full consultation and discussion, the committee of the trade union which was composed of 11 committee members was elected. During the election, the rate of votes obtained by each committee member was 98 percent or more.

Zhejiang Governor Meets Central Press Group
OW2010022388 Hangzhou ZHEJIANG RIBAO
in Chinese 8 Oct 88 P 1

[Text] On the evening of 6 October, Shen Zulun, governor of Zhejiang; and Luo Dong, head of the Propaganda Department of the Zhejiang provincial party committee, had a cordial meeting at the Zhejiang Guest House with the Central Press Group which came here to cover the

manner in which the Zhejiang Insurance Company settled claims made by typhoon victims. The press group was made up of 11 reporters from RENMIN RIBAO, the Central People's Broadcasting Station, and 7 other branches of the media.

Governor Shen Zulun briefed the reporters on the enormous economic losses Typhoon No 7 had inflicted on Zhejiang and the important role the Zhejiang Insurance Company played in helping producers resume production and rebuild their homes. He said: Insurance provides enterprises and families with the financial assistance they need to tide over difficulties caused by destructive natural disasters. He urged the media to help the public understand more about insurance by publicizing its significance and role. Huang Changhuan, president of the Zhejiang Insurance Company, also briefed the reporters on how his company settled the claims of typhoon victims.

Central-South Region

Guangdong's Lin Commends Security Guard's Work
HK1810154588 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 18 Oct 88

[Text] Secretary Lin Ruo of the provincial party committee recently paid high tribute to the selfless and dauntless spirit demonstrated by security guard Huang He and proposed that the departments concerned commend Huang He as they did (Che Mouyi). We must take Huang He as the model in safeguarding public order, he added.

Comrade Lin Ruo pointed out: Comrade Huang He came out boldly and fought valiantly against scoundrels who were a threat to the safety, lives and property of the people. This represents the selfless and dauntless spirit of a communist and is worthy of being learned from by his fellow workers and the broad masses of the people.

Guangxi CPPCC Studies 'Spirit' of Meetings
HK1910091988 Nanning Guangxi Regional Service in Mandarin 1100 GMT 18 Oct 88

[Text] The Standing Committee of the Sixth Regional CPPCC Committee held its fourth meeting in Nanning today. The major items on its agenda are to convey and study the spirit of the CPC Central Committee Work Conference, the spirit of the 3d Plenary Session of the 13th CPC Central Committee, and the spirit of the National CPPCC Committee Standing Committee conference; to listen to a report to be delivered by the regional government leader on the regional program and measures for improving the economic environment and order; and to discuss a draft for provisional regulations governing political consultation and democratic supervision exercised by the regional CPPCC Committee.

Today's session was presided over by Ou Jiwen, vice chairman of the regional CPPCC Committee. Chen Hui-guang, secretary of the regional party committee and chairman of the regional CPPCC Committee, passed on the spirit of the CPC Central Committee Work Conference and the 3d Plenary Session of the 13th CPC Central Committee.

Guangxi Leader Views Economic Rectification
*HK2010011788 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 19 Oct 88*

[Excerpts] The regional government held a plenary meeting this morning to arrange a number of current essential tasks centered on improving the economic environment and rectifying economic order. Chairman Wei Chunshu delivered an important speech. [passage omitted]

Wei Chunshu said that this year the cadres and masses in the region have waged arduous struggle against natural disasters and reduced agricultural losses to a minimum. Despite serious power shortages and other factors, January-September industrial output showed a rise of 14.8 percent compared with the same period last year.

However, there are also many difficulties and problems in current economic life. The main ones are: 1) Prices have risen sharply. Prices have increased every month since May, and in September the rise reached 30 percent. The average increase from January to September was 16.8 percent. This has aroused concern throughout society and grave disquiet among the masses. 2) The grain procurement task has not been fulfilled well enough. 3) There is an energy shortage. 4) There is a shortage of capital.

After analyzing the current economic situation, Chairman Wei Chunshu said that in accordance with the spirit of the Central Work Conference and the 3d Plenary Session of the 13th CPC Central Committee, the focus in reforms and construction next year and the year after must be on improving the economic environment and rectifying the economic order. At present Guangxi should get a good grasp of the following tasks:

1. Promote production and increase effective supplies. [passage omitted] In industry, we must strive to maintain the momentum of steady development during the remaining 2 months of the year. The key lies in grasping energy, especially the production of coal and electric power. This year the low water season has started early, and hydropower output is now less than 500,000 kilowatts. This puts great pressure on thermal electricity. There are great shortfalls in coal supplies. At present, large amounts of coal produced in Guangxi are being shipped elsewhere. Therefore, we must strengthen management and strictly prohibit the practice of shipping coal out of the region.

2. Take stock of projects under construction and control the scale of investment. [passage omitted]

3. Do well in the major inspection of finances, tax revenue, and prices. At present we should concentrate efforts on inspecting prices and reduce the momentum of price increases.

4. Screen and straighten out companies of all types. [passage omitted]

5. Reduce institutional purchasing power and strictly control capital not included in the budget. We must unwaveringly enforce the all-around freeze on institutional purchasing power this year. [passage omitted]

6. Do well in making arrangements for and controlling markets. The masses have recently voiced the strongest objections over supplies of commodities such as rice, noodles, table salt, and soya sauce, especially in Nanning City. There are problems in transport contributing to this situation, but the main problem is defects in work. The regional government has recently held repeated discussions and studies on this problem and decided to take steps to firm up responsibility systems for grasping this work and to improve service work. [passage omitted]

7. Further deepen reforms. At present we must actively promote reforms that play a major role in curbing inflation, such as housing reforms.

Chairman Wei Chunshu said in conclusion that the guideline on improving the economic environment and rectifying the economic order has been explicitly set, and most of the required measures have been tabled. The current key lies in strengthening leadership and getting a good grasp of implementation. [passage omitted]

Hainan's Xu Addresses Public Security Meeting
*HK2010035888 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 19 Oct 88*

[Excerpts] A provincial meeting to commend collectives and individuals advanced in public security work was solemnly held in Haikou yesterday. At the meeting were Xu Shijie, Liu Jianfeng, Bao Keming, Wei Zefang, Dong Fanyuan, Cao Wenhua, Zhou Song and other leading comrades of the provincial party committee; the Standing Committee of the provincial Conference of People's Representatives; the provincial People's Government; the provincial CPPCC Committee; and the provincial Discipline Inspection Commission. [passage omitted]

Speaking at the meeting, Secretary Xu Shijie of the Provincial Party Committee pointed out: Since the establishment of Hainan Province in September last year, public security in our province has been stable as a whole. Thanks to the concerted efforts of policemen of the province's judicial organs, armed police, and the people, and strictly adhering to the principle of equally striking firm blows at and guarding against crime; our province has achieved notable results in the large-scale drive to crack down on robbery and theft, and straighten out railway stations, markets, highways and traffic order. However, we must see we are still facing a crucial situation in public order. Criminal cases and cases of violence are increasing sharply, with gambling and brawling being the most prominent, plus frequent occurrence of mass disputes, brawl and disturbances. Facing such a situation, we must in no way lower our guard. He stressed four points for doing a good job of the present public security work. 1) Party and government leaders at various levels should give more leadership to public security work. [passage omitted] 2) The procuratorates and public security organs should adhere to the principle of striking ruthless blows at crime and make unremitting efforts to do public security work

well. [passage omitted] 3) The broad masses of the people should establish a sense of responsibility for social order and help the departments concerned to maintain public security. [passage omitted] 4) Party and government offices at all levels, press circles, and enterprises and institutions must promptly and greatly commend and award superior police and people who fight heroically against criminals, and publicize their superior deeds to create a powerful public opinion to punish evil and admire good and eliminate crimes to uphold law and discipline. [passage omitted]

Henan Official's Ouster Stirs Popular Indignation
OW1910044988 Beijing XINHUA in English
0816 GMT 18 Oct 88

[**"Unfair Removal of Official Arouses Indignation"—XINHUA headline**]

[Text] Beijing, October 18 (XINHUA)—The removal of a Henan official from his party post for taking a hardline on handling bureaucrat profiteering cases has caused a big stir among local people, "WORKERS' DAILY" reported today.

The official, Wang Daojie, has been relieved of his former post as Communist Party Secretary of Xuchang Administration of Industry and Commerce, since he insisted on investigating a local food company which, the paper said, has resold rolled steel for exorbitant profits.

The decision to remove him from original post has aroused indignation among participants to a provincial economic meeting, who have asked to refer the matter to higher authorities, the paper said.

Profiteering by bureaucrats has been listed as one of the major items to be eliminated in China's current drive to improve the economic environment and straighten out the economy.

In March, local residents reported the resale of steel by the Xuchang Food Company at the local market.

Subsequent investigations by the administration showed that from July 1987 to January 1988, the food company resold 1,579 tons of steel at 664 yuan more a ton than the original purchasing price and thereby gained a profit of 1.05 million yuan.

The company's approved line of business was in meat, poultry, eggs and aquatic products, and not in steel.

However, the company still bears the title of "an advanced enterprise" and the head of the company was honored as one of the "six most competent entrepreneurs" in the locality.

The Xuchang Party authority removed Wang from his party post and has also proposed that he be relieved of his directorship of the administration.

But a mid-August meeting attended by Standing Committee members of the city People's Congress rejected the request, believing that Wang had been performing his duties well.

Henan Secretary Holds Talks With Nonparty Figures
HK1910140188 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 18 Oct 88

[Excerpt] The Henan Provincial CPC Committee held a forum with nonparty figures at Zhongzhou Guesthouse yesterday.

Secretary Yang Xizong, Deputy Secretary Yao Minxue, and Secretary-General Zhang Zhigang, who is also a member of the provincial party committee Standing Committee, attended the meeting to have a frank exchange of views with nonparty personages. More than 30 responsible persons of democratic parties and non-party patriotic personages were present at the forum, which was under the chairmanship of (Wu Shouquan), head of the United Front Work Department of the Provincial Party Committee.

In the morning, Comrade Yang Xizong conveyed to meeting participants the spirit of the 3d Plenary Session of the 13th CPC Committee and presented his views on how the province will implement the spirit. He noted: The Henan Provincial CPC Committee will soon call an enlarged plenary meeting to specially solve problems in the following aspects: 1) Seeking unity of thinking among leading cadres at all levels of the province and helping them understand why the economic environment should be improved and the economic order be rectified in the next 2 years so as to acquire a clearer understanding that we are determined and confident and have the ability to resolve the problems we are facing. 2) In line with the actual conditions in our province, adopting effective measures to implement the central policies. 3) Effectively handling relations between the improvement of economic environment, the rectification of economic order, and the deepening of the reforms in an all-around way so as to boost economic development. 4) Strengthening ideological and political work and ending the confusion in the ideological field. 5) Strengthening party leadership and bringing our political advantages and the core of CPC leadership into full play and enforcing discipline, eliminating corruption, and solving the problem of being honest and upright in performing official duties.

In the afternoon, leading comrades of the provincial party committee had a frank exchange of views with nonparty figures. [passages omitted]

Southwest Region

Sichuan Urges Implementation of Plenum Spirit
HK2010013388 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 19 Oct 88

[Text] Yesterday, the provincial party committee called a meeting of party member cadres at or above the departmental level from all provincial organs, calling on all party and government offices and party member

cadres of the province to take concerted action and work with one heart to implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee.

Secretary Yang Rudai conveyed the spirit of the 3d Plenary Session and spoke at the meeting. Deputy Secretary Gu Jinchi delivered a speech entitled: Implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee in an all-around way to further the development of reform and construction. Speaking on how to gain a correct understanding of the situation and on problems existing in present economic life, we must first understand the situation in reforms in the past decade. Meanwhile, we must fully publicize achievements in reform and construction in the past decade as they really are, explaining to the people what complicated work has been done with arduous efforts in the period to strengthen their understanding, confidence, and support for reform. Referring to problems existing in present economic life, Gu Jinchi emphasized the measures adopted by the provincial government to improve the economic environment and rectify the economic order. He also called for deepening reform and ensuring a steady economic development in our province. While talking about the work for the next 2 years, which must be focused on improving the economic environment and rectifying the economic order, Gu Jinchi stressed: Party leadership should be strengthened and our political advantages be brought into full play. Party organizations at various levels of our province must take the lead in subjecting to party discipline and strictly enforcing orders and prohibitions; safeguard the overall interests of the reforms; give full play to their role as a core and a fighting bastion; and fully demonstrate their due fighting force.

North Region

Beijing People's Congress Invites Observers
OW1910170688 Beijing XINHUA in English
1508 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—The Beijing People's Congress Standing Committee began to invite people to attend its sessions as observers as from today.

The first group of six personalities from such people's organizations as local trade unions, the women's federation, youth federation, scientific association and lawyers association attended today's Fifth Session of the Ninth People's Congress Standing Committee as observers. The topics focused on the protection of adolescents, the use of foreign loans and implementation of several laws and codes.

This is the first time for the municipal congress Standing Committee to invite people's representatives whose occupations are related to the topics of discussion to observe the meetings since it was established in 1979.

Fan Yousheng, a visitor from the city's Chinese People's Political Consultative Conference (CPPCC), said the new practice helps coordinate the work between

the municipal CPPCC and congress and benefits the implementation of the resolutions adopted by the congress." [single quotation mark as received]

Chen Xiangming, member of the municipal congress Standing Committee, said all observers are from the masses, so they can inform their people about what they have heard and more people will know more of what the Standing Committee is doing." [single quotation mark as received]

Qin Yizhi, vice chairman of the Standing Committee, and Wang Xiangming, member of the Standing Committee and associate law professor at the Chinese People's University, also welcomed the committee's decision.

"This represents another aspect of democracy. It will acquaint the people with the activities of the legal authorities and hence help them to supervise them," Wang added.

They hope more people, including those from institutions of higher learning and those engaged in the study of the Constitution, will have the opportunity to attend such meetings as observers in the near future.

Inner Mongolia's Bu He Addresses Conference
SK1910135588 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 14 Oct 88

[Text] In a speech given at the regional conference of league and city party committee secretaries, Bu He, chairman of the regional government, stressed: Trying by all possible means to reduce administrative operating funds is one of the effective measures our region needs to improve the current economic environment and to consolidate economic order. We should strive to reduce 30,000 administrative personnel and 30,000 temporary workers of administrative units and establishments within 2 to 3 years. This will play an important role in improving office work style, raising work efficiency, and reducing financial pressure in particular.

Bu He said: Over the past 3 years, our region's annual local financial revenues increased by nearly 200 million yuan. However, the actual expenditures were far greater than the plan. One of the important reasons is that the personnel of administrative units and establishments increased too greatly and expenses increased too rapidly. Statistics compiled by the end of 1987 showed that the total number of administrative personnel throughout the region was nearly 800,000 and the number of temporary workers in administrative organs was nearly 90,000. The annual expenditures on this were as high as 2.23 billion yuan, accounting for 48.9 percent of the total annual administrative expenditures. Over the past few years, the region has increased the number of administrative personnel by about 30,000 to 40,000 annually, and this has increased expenditures by more than 100 million yuan. This has already become a large and heavy burden for our region.

Bu He continued: To improve the economic environment and consolidate economic order, first, leaders and leading organs must assume leadership over this work and must begin with the work of reducing the number of personnel working at organs. This will play an important role in raising the work efficiency of organs, improving the work style of organs, and reducing financial pressure in particular.

In this connection, we must not only reduce the number of organs and personnel, but must also study the experiences of Zhuozi County and Qahar Right Wing Front Banner. Administrative organs should assign work posts based on needs, fix the sizes of organs based on posts, and fix responsibilities based on the number of personnel. All operational and service work should be gradually contracted to individuals. We should encourage staffers and workers to contract work in grass-roots units or enterprises and permit and support them to leave their work posts and run all types of economic entities. All forms of entities should be disconnected from organs. Second, we should strictly control the sizes of administrative units and establishments. In the future, apart from state-arranged soldiers who have transferred to civilian jobs and graduates of universities and secondary and vocational schools, no new administrative staffs will be increased within 3 years. Establishments should gradually implement the contract system in administrative fees. They may increase the number of personnel but not expenditures, and may engage in paid-service work related to their business. Third, we should curtail expenditures on administrative fees, promote the workstyle of plain living and hard struggle among organs, and stop doing things that are marginal, do fewer things that can be delayed, and persist in economically doing things that must be done in line with the capacity of our financial and material resources.

Bu He pointed out: We should strictly control institutional purchases, make public all regional-stipulated (?unified procurement materials and stop supplying them). All departments should sort out their vehicles and [words indistinct]. It is necessary to reduce fees for meals and business trips, sort out press and magazines, and stop running all types of (?technology) periodicals of various committees, offices, departments and bureaus.

Bu He pointed out: Through strictly implementing the aforementioned measures, we are making it possible to reduce another 20 percent of administrative and operating fees based on this year's figure.

Shanxi Meeting Relays Central Plenum Spirit
HK1910013788 Taiyuan Shanxi Provincial Service
in Mandarin 2300 GMT 18 Oct 88

[Summary from poor reception] "The sixth enlarged plenary session of the fifth Shanxi Provincial CPC Committee was held in Taiyuan from 13 to 17 October. The session relayed and implemented the spirit of the 3d Plenary Session of the 13th CPC Central Committee and

the Central Work Conference, and discussed and formulated measures for improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms.

"Provincial Party Committee Secretary Li Ligong and Deputy Secretaries Wang Senhao and Wang Maolin relayed the relevant documents of the two central conferences. Comrade Li Ligong delivered a report on behalf of the provincial party committee Standing Committee on how to implement the central policy decisions in Shanxi. The session discussed and approved this report.

"The participants seriously studied and discussed Comrade Zhao Ziyang's report to the 3d Plenary Session of the 13th CPC Central Committee and the documents of the Central Work Conference. Applying a serious and earnest attitude, they analyzed the situation, unified their thinking, summed up experiences, sought the problems, and freely aired their views in putting forward many good opinions.

"The session held that the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference were extremely important meetings convened by the CPC Central Committee for solving key problems at a crucial moment in reforms and opening up. These two conferences analyzed the country's current political and economic situation in a truth-seeking way, grasped the current major problems in economic life, and proposed the major policy decision on improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms. This central policy decision has hit the nail on the head and fully accords with the current actual conditions and with the demands of the cadres and masses. It is of extremely great significance for overcoming the difficulties, calming people's minds, consolidating and developing the fruits of reform and opening up, further deepening the reforms, and establishing a new order of socialist commodity economy.

"The participating comrades unanimously agreed with this central policy decision and pledged to take immediate action to unify their thinking, enhance their understanding, brace their spirits, strengthen leadership, strictly observe discipline, unswervingly uphold the authority of the central authorities, unswervingly implement the central policy decision, and strive for still greater victory in socialist modernization.

"Analyzing the situation in Shanxi, the session held that, in common with the whole country, the general situation in the province is good. Great developments have occurred in the 10 years of reform and in the national economy, and profound changes have taken place in the appearance of the urban and rural areas and in people's living standards. The province's economy has continued to maintain a momentum of steady development this year, and economic results are better than [words indistinct]. However, there are also many problems and difficulties at present. This is especially shown by the

excessive price increases. The task of improving the economic environment and rectifying the economic order is also very urgent in Shanxi."

The session held that effective measures must be taken to ensure that next year's price rises are markedly lower than this year's. Market and price controls must be strictly enforced. The province must do a good job in carrying out the price inspection, and also make great efforts to improve supplies by increasing production, especially of goods in high demand such as agricultural products. It is necessary to take stock of construction projects and resolutely cut projects for constructing non-productive large buildings.

The province must control the excessive growth of consumption funds and reduce institutional purchasing power. There must be no indiscriminate issuance of bonuses or goods in kind. It is essential to seriously screen and straighten out companies of all kinds and correct all anomalies found.

The province must continue to do a good job of enterprise reforms, with the focus on further separating government and enterprise functions, continuing to perfect the contracted management responsibility system, and deepening internal matching reforms in the enterprises.

The session emphasized: "To fulfill the task of improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms, it is essential to strengthen party leadership and give full scope to the role of the party organizations as the core and in providing guarantees and supervision. We must consciously uphold the authority of the CPC Central Committee and State Council, and strictly obey orders and observe prohibitions. We must seriously carry out party and government decisions. We must grasp the work of promoting clean and honest government in the party and government organs as a major affair."

Li Ruihuan Attends Tianjin Youth Art Festival
SK2010095188 *Tianjin TIANJIN RIBAO*
in Chinese 6 Oct 88 p 1

[Excerpt] In order to demonstrate the vigorous mental outlook of the Tianjin youth and show their colorful lives, the second municipal youth theatrical festival opened at the municipal people's gymnasium on the evening of 5 October.

Attending the opening ceremony were some leading comrades, including Li Ruiuan, Zhang Zaiwang, Tan Shaowen, Liu Jinfeng, Zhang Dinghua, Wang Xudong, Huang Yanzhi, Zhang Lichang, Han Tianyao, Qian Qiao, He Guomo, and Xie Zhaoyi. On behalf of the municipal party committee, the municipal People's Congress Standing Committee, the municipal government, and the municipal CPPCC Committee, Huang Yanzhi, member of the Standing Committee of the municipal party committee and head

of the organizational committee for the festival, extended festive greetings to all of the 2 million young people in the municipality. [passage omitted]

Northeast Region

Jilin Organizational Conference Ends 17 Oct
SK1910133688 *Changchun Jilin Provincial Service*
in Mandarin 2200 GMT 17 Oct 88

[Text] The provincial organizational conference concluded in the city of Changchun on 17 October after a 4-day session. Over the past days, responsible comrades at the conference from provincial-level departments, cities, prefectures, autonomous prefectures, counties, districts, and organizational departments held earnest discussions on the speech given by Comrade He Zhukang at the conference.

According to or by implementing the spirit of the national organizational conference, they studied ways to further enhance party building during the period of deepening the reform drive in an overall way to deeply conduct reform in the personnel affairs system. By proceeding from the reality, they also formulated the guiding ideology of the province's organizational work for the future, the ideology of conducting reform, and major reform tasks.

Comrade Du Qinglin delivered a summary speech during the conference. It was contended at the conference that during the period of deepening the reform drive in an overall way, party building should occupy an important position so that county-level and above party committees should put the work of party building as an important item on their schedule and should further establish or improve the system of party building.

Principal leaders in the provincial party committee should take charge of party affairs as should all staffers of party committees at all levels. They should actually manage, run, and utilize well the party to bring all party committee functions into full play.

It was pointed out at the conference that in grasping party building, party committees at all levels should not carry out the work in isolation, but should integrate the work with the tasks of improving the economic environment, rectifying economic order, comprehensively deepening the reform drive, developing the commodity economy, and successfully conducting economic construction. Through enhancing party building, they should enable party members to be fully confident in upholding the reform drive and pushing the drive forward by taking a clear-cut stand.

Efforts should be made to score first-rate achievements, to adopt a correct attitude toward interest readjustment, to willingly sacrifice partial or personal interest to support

the whole or long-term interest, to enforce orders and prohibitions as long as they exist, and to take the lead in safeguarding the prestige of the party and policies.

It was pointed out at the conference that over the past few years, localities across the province have conducted relative reforms in organizational work and personnel affairs and have made somewhat of a breakthrough in some fields. However, the reform drive has not been carried out meticulously, and measures adopted in the drive have not worked well together.

Therefore, bearing in mind the province's actual situation, comrades participating in the conference put forward the following four tasks which must be successfully fulfilled by organizational and personnel affairs departments throughout the province:

1. Efforts should be made to uphold the principle of strictly running the party and to bring the political strong point into play. The determination of the CPC Central Committee and the provincial party committee is unwavering. Only by making up one's mind, working confidently, and adopting feasible policies and effective measures can we deal with problems which have cropped up in strictly running the party and overcome any difficulty.

2. Efforts should be made to continuously conduct reform in the personnel affairs system and to take the work of paying attention to the actual situation, introducing the competition mechanism, and upgrading the openness of personnel affairs as the major content of currently conducting reform in the personnel affairs system.

3. Party and government organs must perform their official duties honestly, should gradually establish a mechanism favorable for overcoming or combating corrupt phenomena and various malpractices, and should enhance the supervisory mechanism to resolutely eliminate corrupt elements and to strictly and earnestly handle substandard party members so as to safeguard the sanctity of party discipline.

4. Efforts should be made to enhance building leading bodies and to vigorously upgrade the ideological keenness among leading cadres at all levels. Through party building, we should standardize the party's internal life, conduct supervision over party-member cadres, and enforce policy guidance. Meanwhile, efforts should be made to build as soon as possible a reserve cadres' contingent with a large number of members and higher quality members and whose members are proficient at multiple fields so as to upgrade the party's organizational work to a new level.

Quan Shuren Addresses Liaoning Nonparty Forum
SK1910034288 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 18 Oct 88

[Text] The Liaoning Provincial CPC Committee sponsored a forum of nonparty personages of organs under the provincial party committee on the afternoon of 17

October and the morning of 18 October, sincerely hearing the opinions raised by nonparty personages on improving the economic environment and rectifying economic order.

Among those invited to the forum were leading comrades from various democratic parties and the provincial industry and commerce federation, nonparty personages, and personages from religious circles—40 persons in all.

Attending the forum to hear their opinions were Quan Shuren, secretary of the provincial party committee; Sun Qi, deputy secretary of the provincial party committee; Li Changchun, governor of the province; Wen Shizhen, vice governor of the province; and Xu Shaofu, chairman of the provincial CPPCC committee.

During the forum, participating personages vied to voice their opinions after a speech by Sun Qi, deputy secretary of the provincial party committee, on relaying the spirit of the 3d Plenary Session of the 13th CPC Central Committee and a report by Governor Li Changchun on the major points of measures formulated by the provincial party committee and the provincial People's Government to improve the economic environment and rectify economic order. They stated that after hearing the speech and report, they had cleared their minds of doubt, seen hopeful aspects, and enhanced their confidence in the country. They contended that improving the economic environment and rectifying economic order accord with the will of the people and enjoy popular confidence. Policies and measures recently formulated by the provincial party committee and the provincial People's Government touch on the crucial points of problems and accord with reality. Only by vigorously implementing these policies and measures and realizing arrangements can we overcome the current difficulties. They hoped that efforts would be made to deal with the problems of seeking personal gain by taking advantage of power, of indulging in extravagance and waste, and of officials and individuals reselling goods at a profit. They suggested that efforts should be made to vigorously enforce the criminal law upon violations to foster the prestige of party discipline and state law and to frighten criminals.

Voicing their opinions at the forum were 10 comrades, including Liu Mingjiu, (Zeng Huaireng), (Ma Jingshang), (Wu Xiji), (Pang Kui), (Jiang Xiaoqin), (Li Chunpei), (Zhang Yulin), (Ma Xishi), and (Xie Weichun).

In concluding the forum, Quan Shuren, secretary of the provincial party committee, delivered a speech in which he expressed thanks to the participants for their opinions and suggestions. He stated that various democratic parties are always welcome to join in the work of improving the economic environment and rectifying economic order and in supervision over party and government organs in overcoming and correcting corrupt phenomena.

Liaoning's Gao Zi at Discipline Inspection Plenum
*SK1910043088 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 18 Oct 88*

[Text] In his report to the plenary session of the provincial Discipline Inspection Commission which was convened on the afternoon of 18 October, Gao Zi, secretary of the provincial Discipline Inspection Commission, pointed out that to fulfill the major task of improving the economic environment and rectifying economic order, we must enhance the sense of discipline; strengthen party discipline; and handle well the relationship between problems concerning emancipating minds, conducting reform, and blazing new trails, and problems related to enhancing discipline and enforcing orders and prohibitions.

Gao Zi said: The song of skirting around difficulties was popular for a long period of time. The following phenomenon existed: There were policies at higher levels and countermeasures at lower levels, some acted first and reported afterwards, some acted and reported simultaneously, and some acted but did not report. The wrong idea that enhancement of discipline could affect the progress of reform and opening to the outside world have emerged on several occasions. Therefore, we must conduct education among all party members on persistence in democratic centralism, subordination of the interests of the partial to those of the whole, strict enforcement of orders and prohibitions, and letting party and government office cadres be honest in performing their duties.

Gao Zi said: Investigating and handling undisciplined cases within the party is a key link to strictly enforcing party discipline. At present, we should investigate and handle in a concentrated manner the problems related to party organizations' and party-member leading cadres' failure to enforce policy decisions and decisions set forth by the central authorities, and the measures of the provincial party committee and the provincial government for implementing the central authorities' policy decisions and decisions; the problems concerning not being subordinated to the whole situation and damaging the interests of the state and the whole situation; various undisciplined and illegal activities of disturbing the economic order in the economic and circulation fields; and cases of abusing power for selfish ends, engaging in corruption, accepting bribes, engaging in blackmail, disturbing and obstructing reform, and dealing blows to and framing reform promoters.

Liaoning CPC Enlarged Plenum Concludes 19 Oct
*SK2010085788 Shenyang Lianing Provincial Service
in Mandarin 1030 GMT 19 Oct 88*

[Text] The 5-day seventh enlarged plenary session of the sixth provincial party committee concluded this afternoon.

The plenary session participants heard, discussed, and adopted the report made by Secretary Quan Shuren on behalf of the provincial party committee and approved

the provincial party committee's analysis of the provincial current political and economic situation. They also approved the provincial party committee and the provincial government's guiding principles, policies, and measures on improving the economic environment, rectifying the economic order, and deepening reform.

The plenary session set out that during the next 2 years of reform and construction we should place emphasis on improving the economic environment and rectifying the economic order. On the subject of improving the economic environment, we should concentrate on controlling society's overall demand and inflation. On the subject of rectifying economic order, we should rectify various confused phenomenon in current economic activities, particularly in the sphere of circulation. We must score achievements in the work in these two fields in order to ensure that the rate of price hikes during the next year will notably drop from that of this year. The work of next year should be submitted to this requirement.

The plenary session pointed out: To ensure the smooth progress of improving the economic environment, rectifying economic order, and deepening reform, we should strengthen the leadership of the party and party discipline; persist in the general principles and policies on reform and opening to the outside world; conduct education on the current situation with the improvement of the economic environment and the rectification of the economic order as major contents; unify the thinking of cadres and the masses; comprehensively eliminate and overcome decadent phenomenon by means of law, systems, discipline, and education; and strive to ensure the honesty of party and government organs.

The plenary session called on the party organizations at various levels and the vast number of party members throughout the province to work persistently in accordance with the requirements of the party Central Committee, unify their thinking, act in unison with the party Central Committee, work together with one heart, make unwavering efforts, unite the whole people of the province to fulfill all tasks set forth at the 3d plenary session of the 13th party Central Committee, and continuously promote the progress of reform and construction with achievements in optimizing the economic environment and setting up a fine economic order.

Liaoning People's Congress Meeting Ends 27 Sep
*SK1910022588 Shenyang LIAONING RIBAO
in Chinese 28 Sep 88 p 1*

[Excerpts] After a 6-day session, the fifth meeting of the Seventh Liaoning Provincial People's Congress Standing Committee concluded in the city of Shenyang on the afternoon of 27 September. During the meeting, participating members resolved to depend on scientific and technological progress to make the province's economy prosperous by holding an earnest discussion; approved the province's provisional "regulation" on implementing the PRC's grasslands law; and adopted resolutions

approving the city of Dalian's "regulations" protecting old people, approving the city of Fushun's "measures" for managing economic contracts, and approving the authority limit and procedure of personnel changes for the two-level people's courts of the Liaohe Oilfield. They also approved personnel changes for seven officials in the provincial People's Government and organs under the local people's courts and procuratorates.

Wang Guangzhong, chairman of the provincial People's Congress Standing Committee, attended the meeting. Zhang Tiejun, vice chairman of the provincial People's Congress Standing Committee presided over the meeting on 27 September and delivered a speech in which he stated: The meeting has been successful and was filled entirely with a lively and democratic atmosphere. During the meeting, the participating members freely voiced their opinions and put forward many favorable opinions and suggestions while discussing the motions. They also heard the report by Zuo Kun on relaying the spirit of the sixth session of the National People's congress, the report by Vice Governor Wei Shizhen on the province's current situation in market pricing and on further consolidating market pricing, and the report made halfway through the meeting on particularly relaying the spirit of the work conference of the CPC Central Committee. During the meeting, participating comrades unanimously contended that they had not only obtained further understanding of the current situation in the province's work of market pricing, but also studied the central spirit, understood the entire situation, upgraded their understanding, unified their thinking, and enhanced their work confidence. [passage omitted] They also contended that deputies to the people's congresses at all levels and cadres of organs under them must define the principle of partial interests or partial tasks abiding by complete interests or tasks during the crucial period of deepening the reform drive in an overall way, and under the party's unified leadership should actively unite to mutually overcome difficulties and push the reform drive forward. This is an important guiding ideology and principle for those in charge of the people's congress work. The work of accelerating the pace of opening Liaodong Peninsula to the outside world is the first important duty of the provincial People's Congress Standing Committee and also represents the emphasis of our province's work. Governments at all levels should make efforts to get a good hold on the work in line with the demand of the second meeting of the seventh provincial People's Congress Standing Committee. We should do a good job in creating intangible conditions while successfully creating tangible conditions. In line with the demand to improve the economic environment and rectify economic order, a good job should be done in consolidating public security to ensure the smooth progress of opening Liaodong Peninsula to the outside world.

Attending the meeting on 27 September were vice chairmen of the provincial People's Congress Standing Committee, including Lou Erkang, Tang Hongguang, Gu Jingxin, Feng Yousong, Zhang Zhiyuan, Cui Ronghan, Zuo Kun, Cheng Jinxiang, and Li Jun; and Secretary

General Qi Zheng and members—47 persons in all. Attending the meeting as observers were Vice Governor Xiao Zuofu; Liu Guangming, vice president of the provincial people's court; Yang Wenbin, deputy chief procurator of the provincial people's procuratorate; responsible persons from provincial-level departments and city people's congress standing committees; and three deputies of the provincial People's Congress.

Northwest Region

Article Views Desert Missile Testing Base

*HK1910060188 Beijing JIEFANGJUN BAO
in Chinese 3 Oct 88 p 2*

[Article by Zhang Dongfeng (1728 2639 7364) and staff reporter Bian Zhen (0593 2182); "A Song of Sharp Swords in the Desert—Dedicated to Those Working Hard at the Air Force's Missile Experimental Base in the Northwest"]

[Text] The boundless sky was clear in September. A large jet airliner carried us to the Air Force's northwest missile experimental base in the middle of the desert. Here we lifted the mysterious veil of history and recorded a song of sharp swords in the desert seldom known to people outside.

Over the past 30 years, the "cradle of magic swords" which rose abruptly from the Gobi Desert has conducted thousands of ground-to-air and air-to-air missile-launching experiments, fulfilling the tasks of manufacturing, testing, and verifying dozens of models, including high-, medium-, low-, and minimum-altitude and intermediate-, long-, and short-range missiles. The new missiles delivered to the Air Force's operational units contribute to the country's air defense and form a powerful steel air defense network.

A retired cadre who went to Beijing asked a man to take a message to the base: "Leave a piece of land for me at the Martyrs Tomb in the Happiness Village. I will come back!" Oh, venerable people of the elder generation, you have fulfilled your pledge made at the base's first conference of party delegates: Die in Qingshan and be buried in the Gobi Desert!"

The names of a number of Red Army and Eighth Route Army soldiers are recorded in the history of the base's pioneering work. Some of them have retired and some have been buried in the desert.

When dusk was falling one day, we drove to the "Martyrs Tomb in Happiness Village." Facing the tombstones where hundreds of generals, experts, soldiers, and staff members were buried, we felt a warm current coursing through our bodies.

Before the tomb of Li Jiemin, former leader of the base, we recorded the later generation's recollections of the elder generation of pioneers:

The spring of a certain year in the early 1960's was extremely cold. The foreign experts withdrew and the grain ration left in the granary was enough for only 1 week. A windstorm blew away the tents and the scorching sun raised the surface temperature to above 60 degrees Centigrade. When people were thirsty, they dug pits to get water. The water from the surface of the Gobi Desert was bitter, and made people vomit and suffer from diarrhea.

Faced with this grim situation, the leader of the base organized production for them to provide for and help themselves and planted trees and dug wells to improve the natural environment.

The veteran Red Army men who ate chaff and wild herbs during the pre-liberation days took the lead in swallowing gourds, dried eggplant, and a mixture of oleaster and flour, while the Eighth Route Army men who had fought numerous battles took the lead in plowing the land and sowing sorghum and maize.

"No matter how hard life is, we cannot stop our experiments!" The leader of the base soberly realized that the most important thing is to acquire scientific knowledge. Hence, a drive to acquire technological knowledge took shape in the base. Young people meticulously studied the half-courses taught by the experts and followed the manual in assembling many half-completed projects.

"How can we lead the staff in launching missiles with a simple mind!" Jiang Ping, the first leader of the base, who came from a worker's family, profoundly understood this truth. A man of "Li Xiangyang" style, known far and wide in the northern plain for his military prowess during those years, Jiang Ping was a dedicated pupil, sitting in the back row of the classroom with his textbooks and intensively studying missile theory with young people. He also stipulated that leaders of the base at and above section level should take part in vocational study and be assessed together with the young people.

Li Jiemin, the second leader of the base, died in 1964, only 2 years after assuming office. He suffered a heart attack due to overwork, and became the first leader of the base to fulfill the pledge: Die in Qingshan and be buried in the Gobi Desert.

Late at night, intellectuals who were studying assiduously beneath the lamps forgot to return to their dormitories. The cadres in charge of political work came to the office building to urge them to go to bed. When they failed to do so, they stayed to serve the intellectuals hot tea and to sharpen pencils for them.

In the daytime the leader of the base was anxious when he saw the intellectuals taking part in labor after working for the whole night. He immediately set up a "tilling team," composed of staff members of the organs, to undertake the entire production task.

During the difficult days, Marshal Nie Rongzhen allocated some beans, rice, and pork to the base. As these things were really valuable at that time, the leader of the base decided to give them all to the best technological personnel.

The screen presents a scene of the mighty ground-to-air missile column passing through Tiananmen Square at the parade marking the 35th anniversary of the founding of the PRC. China's new types of missiles are exhibited at the International Aircraft Expositions held in Paris and London—The intellectuals of the elder generation in the desert said with feeling: General Chen, with these tremendous successes, we hope that you will rest satisfied in the netherworld!

During an inspection tour of the base in 1966, Foreign Minister Chen Yi witnessed the achievements of the base and said excitedly: "With the missiles manufactured by you, as a foreign minister I can express myself in strong terms."

The young intellectuals at that time remembered Chen's remarks for many years.

Tang Li, a senior female engineer at the base, was called by others the "mother of missiles." In the early spring of 1961, she spent only 5 yuan on holding a wedding ceremony at a certain research institute in Nanyuan, Beijing. Not long afterward, her husband, Peng Hougang, returned to the missile experimental base far away in the northwest. She rejected the urgings of her sisters, left the capital, and arrived in the Gobi Desert after a train journey of 4 days and nights.

Although she was a delicate-looking woman from Hangzhou, she accepted the tough task assigned by the leader, a position in the missile inspection operation section, because this was geared to the chemistry course in which she majored in college.

She sent her elder son to the base nursery 36 days after his birth. He was a boarder from primary school to university. The time mother and son spent together, even when added together, totaled less than 3 years. When her younger son was only a few years old, he had to take care of himself and of his education, and eat three meals a day in the canteen. Whenever she mentioned these things, she felt sorry.

Everyone knows that work in the missile operation section is hard. To test the effects of each missile, she had to drive a truck, bumping along in the vast desert to search for the wreckage and record an on-the-spot analysis.

During the spring, summer, autumn, and winter of 26 years, she traversed the length and breadth of the vast desert.

Prior to the trip, we wrote in our notebook the name of a man called Zhang Shaopao. When we arrived at the base, however, people told us with deep feelings of grief that he had just passed away on a bumpy journey testing missiles.

Recalling the course of his struggle, Zhang Shaopao's comrades-in-arms spoke highly of him: With a rigorous style of work, Zhang was a tough missile "inspector" who worked his heart out.

On a certain day in August 1985, another batch of new missiles was sent to the base for inspection. As there was a breakdown in an experiment and they could not discover the reason, the manufacturer wished the missile not to count so that they could pass the inspection. However, chief engineer Zhang Shaopao refused to sign the "permit." He could not find any problem, though he checked all the first-hand data within a short time. Then he went to the flash ranging station to check the lengthy film and found that the missile spurted smoke from the empennage 0.4 seconds after the launch, but did not spurt flame after 0.5 seconds. Was this not clearly an indication of a flameout?

As he had found the reason, Zhang Shaopao rated it as a faulty missile. He took another three missiles to undergo inspection. As expected, every one hit the target. The missiles passed the inspection.

Perhaps Zhang Shaopao died young because of his overcritical attitude toward science.

Experiment is a word without a safety coefficient. The warriors of the flight experiment team were "fighting" every day above the heads of their wives, holding the blue sky under their arms, tracing and attacking the enemy, and keeping themselves away from the god of death.

The man who dared to eat the first crab was a warrior!

The man who dared to launch the first missile must be regarded as a hero!

One day in the late autumn of 1968, all the radar and flash ranging and telemetering equipment of the base rotated slowly toward the blue sky. At the airport, the aircraft equipped with a new model missile, piloted by Chong Encai, flew into the sky. When the aircraft reached the predetermined launch zone, Chong Encai followed the target closely. He pushed the lever, trying to get closer to the target drone. He aimed at the drone and pressed the button. The aircraft descended a little as the missile was launched. When the nose of the aircraft rose again, "boom!" The porthole shone red before the flames. "Premature explosion!" Chong Encai immediately changed direction and extricated himself from the danger zone....

Ah, Chong Encai was quick and lucky!

However, the god of luck did not favor every pilot. There were the following stirring scenes during experiments:

Scene one: In the air, when a pilot pressed the button, "boom!" the missile exploded on the spot on the wing of the aircraft.

Scene two: At the airport, when a missile had just been installed on the wing of an aircraft, it launched by itself.

Scene three: In an aircraft, when the pilot pressed the button, the missile was not launched. He pressed the button again, the missile still did not move. The pilot could do nothing but land the aircraft with the missile.

The dependents of the pilots were deeply worried by all this.

During an interview with Xu Yunxiang, the wife of a pilot, she voiced the worries of the dependents of the pilots of the flight experiment team: When he leaves in the morning with his helmet, he carries away my heart with him. While on duty, I cannot help pricking up my ears, listening to the sound of the aircraft from the airport. Although my husband has met with danger on many occasions during these years, he never mentions it. Others have told me all about it. With the passage of time, we have a tacit understanding. If he does not want to tell me, I will not ask him.

"Yes. There are some things we cannot tell them. If you tell them, they will become more anxious." The men of the flight experiment team continued: Is traveling by ship or bus not dangerous? Although flying is a bit risky, even the king of hell dare not touch our heads so long as we are bold and cautious, face danger fearlessly, and pay attention to science.

China's unmanned planes have successfully replaced the sampling of mushroom clouds in nuclear tests by pilots. Some thousands of retired Air Force fighters will be converted into unmanned drones. Chen Shaozhou, a pioneer recorded in the history of the base.

At 1500 on 16 October 1964, China successfully exploded its first atomic bomb in the desert in the west. Thirty minutes after the explosion, an heroic crew, led by Guo Hongli, swiftly rushed to the mushroom clouds to collect samples at the risk of nuclear radiation.

The crew which successfully made China's first unmanned drone, "Changkong [Vast Sky] 1," remained silent when they were informed of the magnificent feat of the heroes. This role would be played by an unmanned plane in other countries!

Chen Shaozhou, a young graduate of Harbin Military Engineering Institute, submitted a request for a military assignment. However, he never expected that following the first step he would have to traverse an arduous course

lasting more than a decade. During the years of privation, drafts and data filled his entire life. It seemed that he was "possessed by the devil."

As the day for another nuclear explosion approached, an excited Chen Shaozhou became the busiest man at the airport. Over and over again he patiently watched the unmanned plane accelerating, taking off, and ascending.... Not long afterward, the unmanned plane successfully passed through the mushroom cloud. As the samples collected were insufficient, the base had to send a pilot to collect more cloud samples.

Chen Shaozhou remained silent. He lay on his bed smoking and thinking....

Not long afterward, Chen conceived a new plan of increasing the unmanned plane from one to two and submitted it to the base's technological decision-making organ. At a meeting to consider the plan, a number of technological experts questioned Chen's plan to control two unmanned planes from the ground.

With assurance, Chen Shaozhou used theory to answer the questions and expounded his well-knit plan with good evidence. As the experts present all nodded, Chen's plan was approved for implementation.

In 1978 another mushroom cloud rose and swiftly expanded. At this moment, two high-speed unmanned planes approached the mushroom cloud. The planes dived into the cloud and shot out in an instant. It was a success! According to tests conducted by relevant departments, the samples collected by the unmanned planes were up to standard. At last unmanned planes put an end to the history of Chinese pilots flying through mushroom clouds to collect samples at the risk of their lives.

As the base entered the 1980's, it badly needed an unmanned drone, like a combat aircraft, to test a new type of air-to-air missile. At that time the state planned to use foreign exchange to purchase it from abroad at a high price. When Chen Shaozhou and his colleagues heard about it, they sent a written pledge to the higher authorities on converting a certain type of retired fighter to a high-altitude and high-speed unmanned drone.

Time was pressing. Chen Shaozhou, head of the experiment station, and others canceled their Sundays and vacations and worked hard in the bitterly cold weather, where the temperature was below -20 degrees Centigrade.

Their work became more intense as the drone reached the stage of refitting and finalization. His wife and daughter came to see him, but he did not go home for the whole week. His wife grumbled: "His daughter has not seen him for 2 years. Perhaps she does not even know what her father looks like."

In June 1984 the new drone developed by Chen Shaozhou and his colleagues successfully accomplished the task of coordinating the finalization and testing of a new type of air-to-air missile. The achievement found a new use for thousands of retired Air Force fighters and also saved large amounts of experiment outlay for the state.

The children of the base who sang "We Are Successors to Communism" with Zhou Enlai 22 years ago have now grown up. They have inherited the cause of their fathers and become a new generation of swordsmen in the desert.

During the interview, we found a valuable historical photograph of the base: The premier and the children. On 30 June 1966, Premier Zhou Enlai, who had inspected the base on six occasions previously, was bidding farewell to everyone again at the airport. When he discovered a group of children among those seeing him off at the airport, he stepped forward and asked: Do you know how to sing the song "We Are Successors to Communism"? The children replied: "Yes." Then the premier cheerfully directed the children in singing the song.

Twenty-two years have elapsed and the children who left their smiling faces in the photograph have grown up. Some of them have become young parents.

When we were wandering about the base at the weekend, we saw young men with life buoys rushing to the swimming pool, girls wearing colored skirts going to dances with their partners, and young parents pushing baby carriages strolling along the tree-lined streets. Inadvertently, we heard the words of a popular song in the distance: "The world outside is so beautiful...." We suddenly realized: Is the world here not beautiful?

Zhang Manli, a female graduate who studied outside and returned to the base after graduation, said: "The base is a bit secluded compared with the outside world. However, I cherish a deep affection for the base because I grew up here and I have my career and relatives here." It is a fact that the children of the base are reluctant to be away from it. Many of those who studied in schools outside have returned after graduation. The register of the base shows that there are more than 100 families in which both father and son, mother and daughter are servicemen.

Wang Liangwang and Zhang Dongsheng, leaders of the base, told us: Of the 1,000-odd graduates assigned to the base in 1980, most have been promoted and 30 percent have assumed leadership posts at various levels. They are now the backbone elements of the missile experimental base.

Oh, the desert can prove that there is no lack of successors to the sharp swords!

Gansu Leader Discusses Agricultural Tasks
*HK1910035788 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 19 Oct 88*

[Excerpts] The provincial work conference held a speechmaking session yesterday afternoon, Governor Jia Zhiqie presiding. Vice Governors Zhang Wule, Yan Haiwang, and Lu Ming respectively spoke on launching the major inspection of finances, tax revenue, prices, and credit, on cutting capital construction, controlling institutional purchasing power, and screening companies, and on agricultural issues.

Vice Governor Lu Ming first spoke on the province's agricultural situation this year. He said that this situation is very good this year, with total output value expected to reach 5 billion yuan, an increase of 8 percent over last year. Grain output may reach 5.7 billion kg. Output of cotton, sugarbeet, oil crops, cucurbit, vegetables, and other cash crops is expected to show increases over last year. The plan for township and village enterprise output this year can be overfulfilled, and total output value may exceed 4.4 billion yuan. Sustained and steady development has been recorded in animal husbandry. [passage omitted]

Lu Ming also spoke on agricultural production arrangements for the winter and spring. He said: This winter and next spring, we must further promote agricultural capital construction, grasp grain production, and make preparations for spring sowing and for protecting livestock from natural disasters. We must put a stop to the unhealthy trend of forest destruction and resolutely prohibit indiscriminate tree-felling. In the township and village enterprises, we must strive to deepen the reforms and improve economic returns. We must also increase investment in agriculture and establish a system for accumulating agricultural capital. We must lay a good foundation for a bumper harvest next year.

Meeting in Qinghai To Solve Shortage Problem
*HK1910024388 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 18 Oct 88*

[Text] In view of the decreased water on the upper Huang He this year, resulting in a power shortage on the northwest power grid in the coming winter and spring, the State Planning Commission and the Ministry of Energy held the third meeting of the northwest power grid leadership group in Xian in early October, which proposed measures for resolving the water and power shortages in the northwest.

The meeting pointed out that appropriate power restrictions must be imposed on industrial production. The provinces and autonomous region must seriously take stock of small ferroalloy, carbide, and cement plants, and halt their production during the low water season. Industry must yield water to agriculture during the peak irrigation periods. The provinces and region along the river must improve planned power consumption and

strictly implement the principle of deducting from future supplies for current excessive consumption and allowing a return for units practicing economy.

We must extensively publicize to the masses the situation regarding the serious power shortage on the northwest power grid and mobilize all sectors and trades in society to support planned power and water consumption. At the same time, we must strengthen the sense of urgency for all of society to raise capital to run electric power projects, speed up electric power construction, and tap new resources.

The governments of the three provinces and one autonomous region along the Huang He and the electric power departments must unite, cooperate, support each other, improve unified distribution on the grid, and work together to get through the difficult period.

The meeting stressed that it is necessary to ensure the essential water level of the Longyangxia and Liujiashia reservoirs at the end of April. The flood season is not yet over. The northwest power grid must seize the opportunity and hurry to store more water to meet the minimum water storage requirements, ease the contradictions in water and power shortages, support industrial and agricultural production, and ensure basic power supplies for urban administration and people's daily life.

Shaanxi's Zhang Boxing Meets Young Scientists
*HK2010020788 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 20 Oct 88*

[Excerpts] Yesterday morning, provincial party and government leaders including Zhang Boxing, Zhang Ze, Hou Zongbin, and Tao Zhong met in Xian with 10 outstanding young prize-winning science and technology workers, to hear their views and suggestions on invigorating Shaanxi through science and technology. [passage omitted]

(Sun Shiwen), 26 year-old deputy director of the thermal energy teaching and research section of Xian Communications University, spoke first. He said that Shaanxi has a strong science and technology force, but does not do well in applying new technology. This has much to do with the fact that some enterprise leaders are conservative in their thinking, harbor outdated concepts, and dare not take risks or try out new things. He pledged his willingness to first apply the fruits of his research in Shaanxi as a contribution to the province's economic construction.

The speech of (Lian Zhenmin), deputy professor of biology in the Shaanxi Normal University, aroused interest right from the start. In the past 10 years, (Lian Zhenmin) has scored achievements arousing the interests of experts in the same field in his research into the classification of locusts and the preventive measures to be taken against them. However, most of his research has been done outside Shaanxi. When he mentioned that there is a latent danger of locusts in Shaanxi at present, and preparations are being made to switch the focus of

researches to Shaanxi, Governor Hou Zongbin interrupted, saying, this is very important. He called on the provincial science and technology association to decide as soon as possible on topics for launching this research. The provincial authorities will provide support in capital. [passage omitted]

Provincial Party Committee Secretary Zhang Boxing said that he wanted to make friends with young science and technology workers, and hoped that they would telephone him directly if some problem cropped up. [passage omitted]

Shaanxi Commentary Urges Reduced Oil Consumption
*HK1910042788 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 19 Oct 88*

[Station Commentary: "We Should Have Careful Calculation and Strict Budgeting and Consume Oil Economically"]

[Text] Shaanxi has recently been very short of gasoline. Because of the shortage, passenger and freight transport in Ankang Prefecture came to a halt for a time. Shangluo Prefecture has cut its transport volume by two-thirds. Oil storage in other prefectures has also started to become short.

For a long time, certain comrades erroneously held that China is a large oil-producing country, so they consumed oil extravagantly and just bought vehicles without thinking of their fuel requirements. Take Baoji City, for instance; during the 5 years from 1983 to 1988, the number of motor vehicles there rose by 40 percent, including a 16-fold increase in the number of motorcycles alone, but the increase in oil supplies far from met the requirements. These are the conspicuous reasons for the contradiction in gasoline supply and demand.

To ensure oil supplies for key production, the petroleum departments have this year had no choice but to greatly reduce the gasoline sales plans on two occasions. Given these conditions, we must take thought for the overall situation, and consume oil in a planned and economical way, and use the limited supplies in the crucial places.

In fact there are great potentials for economizing oil consumption. According to statistics from the departments concerned, annual freight transport in Xian City is about 80 million tons, yet the city's transport capacity is as high as 170 million tons. Hence large trucks are hauling small loads or even running empty, wasting 53 percent of the city's gasoline in this fashion.

Certain units and individuals always want to use a car when they go anywhere, in an effort to put on a big show. Such extravagance causes dramatic increases in the consumption of oil for non-productive purposes. At present the province has over 100,000 light automobiles, but most of them are just seen running around, and they are

not seen buying gasoline. Where is their gasoline coming from? This problem has been discussed for many years, and is still unresolved. Does anyone think we can allow this state of affairs to continue?

We hope that units with automobiles will use their brains, stress efficiency in their use, and truly succeed in careful calculations and strict budgeting and in economical oil consumption, in an effort to ease the province's current oil shortage.

Xinjiang Secretary Reports on Central Policies
*HK1910121988 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 18 Oct 88*

[Excerpt] From 14-17 October, Secretary Song Hanliang of the regional party committee and Chairman Tomur Dawamat of the regional people's government separately visited the counties of Toksun, Shanshan, and Turpan to investigate what these counties should do, proceeding from their actual conditions, to improve the economic environment, rectify the economic order, and deepen the reforms in an all-around way in the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference.

Wherever they went, Comrade Song Hanliang and Tomur Dawamat talked cordially with local cadres and visited the homes of some peasants. [words indistinct] Comrade Song Hanliang emphasized repeatedly: The focus of reform and construction in the next 2 years should be improving the economic environment and rectifying the economic order. To this end, work should be done well in the following three aspects: 1) Importance must be attached to agricultural production so as to enable us to supply large amounts of grain, cotton, vegetables and meats. [words indistinct] 2) Reform must be carried out in depth, and we must do a particularly good job of price reform. To support price reform, all counties must find ways to increase their revenue. For example, it is possible for them to levy a tax on the processing of farm produce and animal products. [passage omitted] 3) It is necessary to check excessive societal demand, curtail the scope of capital construction, limit government institutions' purchase of consumer goods, and end the confusion in the field of circulation. This is a common task for both urban and rural areas of the region. We must encourage self-reliance and hard struggle, increase production and practice economy, and educate peasants to resist speculation and profiteering. In order to implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference and do this work well, we must conscientiously strengthen party leadership and bring our political advantages into full play. Leading bodies at all levels should establish the sense of taking the overall interests into account, observe discipline, encourage healthy trends, and be honest and upright in performing their duties. Party organizations at various levels should become a fighting bastion in implementing the central policies, and party members should play exemplary role in work.

American Institute Chief Greeted at Airport
*OW1910132688 Taipei CNA in English 1033 GMT
19 Oct 88*

[Text] Taipei, Oct 19 (CNA)—David Laux, chairman of the Washington office of the American Institute in Taiwan (AIT), arrived here yesterday for a one-week visit, a Foreign Ministry official said.

While here, Laux will call on government officials and inspect the Taipei office of AIT.

Laux was greeted by Vice Foreign Minister John Chang and David Dean, chairman of the Taipei office of AIT, upon arrival at the Chiang Kai-shek International Airport in Taoyuan.

Cabinet Asked To Review Trade Policy With USSR
*OW1810154488 Taipei CHINA POST
in English 13 Oct 88 p 1*

[Text] Taiwan's first trade delegation to the Soviet Union in four decades, which includes economic and trade officials, came under fire from an influential and staunchly anti-communist member of the ruling Kuomintang's [KMT's] policy-making Central Standing Committee yesterday, a Chinese-language evening newspaper reported.

President Li Teng-hui, who is also KMT chairman, directed the Executive Yuan, or Cabinet, to review Taipei's policy toward trade with Moscow.

The CHINA TIMES EXPRESS said the Cabinet is expected to report to the decision-making body on the issue next Wednesday.

During the regular weekly meeting of the Standing Committee yesterday, Shen Chang-huan, secretary-general to President Li, demanded to know who made the decision to allow economic and trade officials to join the trade delegation to the Soviet Union, the EXPRESS said.

The private delegation comprising some 60 representatives from the private sector and officials of the quasi-official China External Trade and Development Council (CETRA), is still in the Soviet Union. It left Taiwan on Oct 2.

Shen, who is said to be one of the main figures responsible for Taipei's foreign policy, also demanded to know why the issue was never taken up by the Standing Committee, it said.

Shen, worried Taiwan would catch "Soviet fever," said the consequences of making the trip and whether it was "appropriate" should be reevaluated and reviewed, the newspaper said.

Economics Minister Chen Li-an, also a Standing Committee member, took the floor and stressed the "need to develop economic and trade ties (with communist countries)," the EXPRESS said.

The minister added that he mentioned the delegation in passing at a previous Standing Committee meeting, the paper said.

But Shen, unhappy with Chen's remark, said the issue is an important policy of the KMT and the country, and mentioning it in passing does not count as a discussion of the issue by the Standing Committee.

Premier Yu Kuo-hwa, also a Standing Committee member, offered to report to the Standing Committee on the issue in two weeks but Shen retorted that two weeks was too long.

Currently, Taiwan allows indirect trade with the Soviet Union and Albania after opening direct trade with seven East European countries.

Commentary Assesses 'Breakthrough'
*OW1910062088 Taipei International Service
in English 0200 GMT 19 Oct 88*

[Station commentary: "A Trade Breakthrough With the Soviet Union"]

[Text] The Republic of China's [ROC's] first trade delegation to the Soviet Union in several decades has had an important ripple effect in the nation's foreign policy circles. The delegation, which is not on official business, left for the Soviet Union earlier this month without the usual fanfare accorded such private trade ambassadors. The reason for the quiet approach to what was otherwise an undeniable breakthrough in relations with the Soviet Union was fairly simple: No one in Taipei was quite certain how the delegation would be greeted, both at home and in Moscow.

The trade group's visit to the Soviet Union is yet another indication of the efforts the ROC on Taiwan is making to diversify its markets abroad, even in the Soviet bloc. For the past 2 years, the ROC has made successful inroads in East Europe, where ready markets for Taiwan's vast array of consumer products exist.

But making the jump into trade relations with the granddaddy of Communist countries, the Soviet Union, required much more diplomatic maneuvering and public relations groundwork at home than any other move into the Soviet bloc.

Things went smoothly for the trade group until late last week, when President Li Teng-hui's secretary general, Shen Chang-huan, suddenly questioned the wisdom of allowing such contacts with the Soviet Union. Shen also questioned the legality of the visit, given the ROC's laws against contacts with certain communist states, not to

mention the ROC's traditional tough anti-communist stance. The chief of staff was reportedly most miffed about the presence of two quasi-government officials on the group.

Here at home, however, the secretary general to the president met with much criticism. Legislators, the media, and young, liberal members of the majority Kuomintang Party criticized Shen for being out of step with the current trends in the ROC's foreign policy, especially in the area of trade expansion with communist states. The media widely reported that Shen was also up against a wall of public support for the trade contacts.

A public opinion poll taken over the weekend by the influential "CHINA TIMES EXPRESS" daily found that a mere 31 percent of voting age adults on Taiwan now view the Soviet Union as a definite antagonist or threat toward the ROC. But 61 percent favor the recent moves toward opening trade channels with the Soviet Union. Sixty-eight percent said they also favored the establishment of cultural, sports, and scientific relations with Moscow, in lieu of diplomatic relations.

The trade delegation's biggest shock came on Monday when Secretary General Shen announced his resignation. President Li accepted it reluctantly, and asked the distinguished career civil servant to stay on as a senior advisor. Li appointed a former justice minister, Li Yuan-zu, now a law professor at National Cheng Chi University, as Shen's successor. Analysts said that President Li's acceptance of Shen's resignation, no matter how reluctant, was still a clear sign that the nation's anti-communist stance would apply less and less to trade relations with communist states, and that the legality and wisdom of permitting this first trade group to visit the Soviet Union will be upheld.

Indirect Trade Continued

OW1910215988 Taipei CNA in English 1535 GMT
19 Oct 88

[Text] Taipei, October 19 (CNA)—The Republic of China's [ROC] ruling party, the Kuomintang (KMT), reiterated Wednesday that the nation will uphold its anti-communist position, but that indirect trade with the Soviet Union will continue to be allowed.

The KMT Central Standing Committee, the party's policy-making body, made the decision in its weekly Wednesday morning meeting after hearing a report by Economics Minister Chen Li-an on the visit to the Soviet Union of a local trade mission.

Chen, a member of the Standing Committee, said the trade mission, composed of ROC importers and exporters, had visited the Soviet Union simply to study the trade environment and market situation in that country. The visit did not constitute a violation of or represent any change in the nation's fundamental policy, he stressed.

A member of the Central Standing Committee last week expressed concern over the visit, the first of its kind in four decades, and asked the economics minister to report on the matter at this week's meeting.

The government decided last March to authorize direct trade with all East European countries except for the Soviet Union and Albania, Chen said. "The policy of allowing only indirect trade with the Soviet Union remains unchanged," he pointed out.

Under the policy, local businessmen, with the approval of the Bureau of Foreign Trade, can visit the Soviet Union and Albania to study the market situation there and to seek trade opportunities, the minister told the KMT committee. Chen also said that he believes the trade mission, able to study first-hand the Soviet market, would provide both the government and the private sector valuable information and insights into trade with the East bloc country.

After hearing the report, the Central Standing Committee decided that the Economics Ministry should carefully evaluate further the potential impact of the visit for use in making future economic and trade policy.

New Presidential Secretary General Named

OW1810211088 Taipei CNA in English 1506 GMT
18 Oct 88

[Text] Taipei, Oct 18 (CNA)—Li Yuan-zu succeeded Shen Chang-huan as secretary general to the president in a changeover ceremony Tuesday.

The ceremony was held at the presidential office with senior presidential adviser Chang Pao-shu presiding.

Addressing those present, Shen said that he had in fact tendered his resignation several times for health reasons during the past half year, but they had all been turned down by President Li Teng-hui. After having the heavy burden of responsibility removed from his shoulders, he now felt "greatly relaxed."

Shen, already appointed a senior adviser to President Li, said he felt highly honored at his new post.

Speaking highly of his successor, he lauded Li as not only a man of knowledge, but also a man of rich political experience.

In response, Li said that he already felt the weight of his heavy obligations, and he pledged that, under President Li's leadership and with the full support of all his colleagues in the presidential office, he would work as hard as possible to accomplish the work given him by the president.

Foreign Minister Stresses Ties With Free Countries
*OW1810210988 Taipei CNA in English 1526 GMT
18 Oct 88*

[Text] Taipei, Oct 18 (CNA)—Foreign Minister Lien Chan said here Tuesday that the optimum employment of the Republic of China's [ROC] powerful economic strength to realize a bright future for the nation is one of Foreign Minstry's main tasks.

In reply to an interpellation by Legislator Ma Ke-jen at a Legislative Yuan session, Lien said the Republic of China will upgrade its position in the international community by strengthening cooperation and friendship with free democratic countries all over the world.

Speaking on ROC-Saudi Arabian relations, Lien pointed out that ties between the two countries are very cordial and deep-rooted. A high ranking Saudi official has repeatedly reiterated the importance of ROC-Saudi friendship. Commenting on the Riyadh-Peiping arms deal, Lien quoted King Fahd bin 'Abd al-'Aziz Al Sa'ud as reporting that "the Saudis procure weapons but not ideologies".

Touching on ROC-South Korean relations, Lien said that although many Korean companies have established trade organizations on the Chinese mainland in recent years, ROC-South Korean friendship is based on both historic factors and on the mutual interests of both nations. Many examples could be cited to show that "united, both stand to benefit; divided, both will suffer." Lien, therefore, said he believed that South Korea would continue to treasure its cordial friendship with the ROC.

Lien also stressed that the ROC would participate in international activities with a more positive attitude and would also try to rejoin international economic organizations.

Cooperation Projects With Saudi Arabia
*OW1910050088 Taipei CNA in English 0247 GMT
19 Oct 88*

[Text] Taipei, Oct 19 (CNA)— All economic and technological cooperation projects between the Republic of China [ROC] and Saudi Arabia will continue as scheduled, Vice Economics Minister Wang Chien-shien said Tuesday.

Wang made his remarks while presiding over a review of the implementation of resolutions adopted at the 10th ROC-Saudi Arabian meeting on economic and technological cooperation. Wang said that he was pleased that all the cooperation projects are on schedule.

The annual ROC-Saudi meeting on economic and technolocial cooperation is held alternately in Taipei and Riyadh. The two sides agreed at the last meeting to strengthen cooperation in pharmaceuticals, petrochemicals, and electronics.

Premier Cautious on Direct Trade With Mainland
*OW1910052588 Taipei CNA in English 0232 GMT
19 Oct 88*

[Text] Taipei, Oct 19 (CNA)—Premier Yu Kuo-hua reiterated Tuesday that, because of national security reasons, the time is not yet ripe for direct trade between the two sides of the Taiwan Strait.

The premier was answering an interpellation by legislator Chang Chun-hsiung at a Legislative Yuan session.

But the government has granted permission to Taiwanese living on the Chinese mainland to visit their relatives and to attend funerals in the Republic of China on Taiwan.

As to whether or not those Taiwanese will be allowed to re-settle in taiwan is still being carefully considered by the government, yu stressed, because "we must take precautions against Chinese Communist attempts to use them as pawns in implementing their notorious united-front tactics."

Yu also warned the public in Taiwan not to harbor any illusions on mainland policy. "We must not take further actions until they have reacted properly to our decisions," Yu said.

The government, for instance, has eased controls on exchanges between the two sides of the Taiwan Strait, but the Peiping regime has not yet dropped its "four insistences," "one country, two systems," and its option of taking Taiwan by force, Yu said.

Premier Receives Overseas Chinese From Borders
*OW2010052688 Taipei CNA in English 0237 GMT
20 Oct 88*

[Text] Taipei, Oct 20 (CNA)—Premier Yu Kuo-hua Wednesday received three groups of Overseas Chinese representing the people of Mongolia, Tibet, and Sinkiang, and urged them to continue their support for the cause of defeating Communist tyranny on the Chinese mainland.

Premier Yu met with the groups at his office and chatted with them over tea. The Overseas Chinese from the three border provinces of the mainland have been in Taiwan attending the Republic of China's [ROC's] Double Ten National Day celebrations.

The premier pointed out that the people living in Mongolia, Tibet, and Sinkiang have all suffered cruel persecution under the Chinese Communist dictatorship. The Chinese Communists, he stressed, are the "public enemy" of all Chinese people.

He pledged that when the whole of China is reunified under the free, democratic system of the Three Principles of the People, the ROC Government will certainly

abide by the National Constitution, launch reconstruction projects, and take special care to step up the economic, educational, and social development in the three border provinces.

Navy Ships Increase Territorial Waters Patrols
*OW1910224388 Taipei CNA in English 1541 GMT
19 Oct 88*

[Text] Makung, Penghu Islands, Oct 19 (CNA)—The Republic of China Navy has dispatched nine gunboats to strengthen patrols in waters off Taiwan, an official of the Taiwan Provincial Fishery Bureau said Wednesday.

The official also asked fishing boats operating in the waters off Taiwan to inform naval authorities if they discovered foreign or Chinese mainland fishing boats operating in the economic zone around the Republic of China.

Recently, fishing boats from South Korea, Japan, Hong Kong and the Chinese mainland have intruded into the economic zone to conduct fishing operations, the official said.

Dissident Hsieh Tsung-min Returns Home
*OW1610231188 Tokyo KYODO in English 1201 GMT
16 Oct 88*

[Text] Narita, Chiba Pref, Oct 16 KYODO—Taiwanese dissident Hsieh Tsung-min left here Sunday on his first trip home in nine years, becoming the first exiled activist to depart for Taiwan with the blessing of the ruling Nationalist government, his supporters said.

Hsieh said Taiwanese authorities in Los Angeles handed him a new passport Tuesday and informed him that he would be the first blacklisted dissident to be allowed into Taiwan.

"To me it was a surprise," said Hsieh, an advocate of an independent Taiwan who has spent a total of over 11 years in Taiwanese prisons for his views.

The Kuomintang or Nationalist Party, which has been in power since it fled to the island from Mainland China in 1949, regards Taiwan as part of China.

The 54-year-old dissident told KYODO NEWS SERVICE during his four-day stopover in Tokyo that Taiwanese authorities requested him not to join in mass demonstrations, but placed no restrictions on his activities.

While in Taiwan Hsieh said he plans to speak out on behalf of an estimated 300 "refugees" or exiled dissidents who wish to return home, and political prisoners.

"I don't think my return is so dangerous. I don't think I'll be shot at the airport like (Benigno) Aquino," said Hsieh referring to the Philippine opposition leader who was assassinated as he stepped off a plane on his return home from exile in the United States in 1983.

But he said "just in case" he had taken out a life insurance policy for his wife and 7-year-old son, who remain in Los Angeles where Hsieh is a columnist for a weekly newspaper serving the Taiwanese community.

Hsieh said he did not know how long he would stay in Taiwan.

"Till now I just wanted to return," he said, adding that his poor health condition had improved in Los Angeles.

Hsieh suffers from asthma, as well as leg and back pains as a result of torture sessions during his years in prison.

**END OF
FICHE**

DATE FILMED

25 08 1988

